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The Unsettling History of Settled Expectations

Sara Tonnies Horton

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The Unsettling History of Settled Expectations

SARA TONNIES HORTON, HENRY THOMAS, MITCHELL FELDHAKE, KEATON
SHEELER, AND PAUL ANSANI

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I. INTRODUCTION

The Patent Trial and Appeal Board's ("PTAB") authority to discretionarily deny petitions for review has received significant news coverage.¹ The past three PTAB administrations have each changed the guidance regarding discretionary denials.²

This article discusses the impact of the "settled expectations" of the patent owner and petitioner as a factor in discretionary denial decisions.

First, this article discusses discretionary denial policy under the USPTO administration headed by former Director Andrea Iancu (2018³-2021⁴) and changes to that policy under former Director Kathi Vidal (2022-2024)⁵ This article discusses how the Vidal & Iancu administrations did not use a petitioner's knowledge of a patent, or other indicia of "settled expectations" as a factor in discretionary denials.

Second, this article discusses the new March 2025 guidance⁶ on discretionary denial issued by Former Acting Director Coke Morgan Stewart (January 2025–September 2025⁷). Under Stewart's guidance, the Director personally issued discretionary denial decisions.⁸ Former Acting Director

1. See, e.g., Ted Cannon, *Growing Denials of PTAB Petitions Demand Sharp Patent Strategies*, BLOOMBERG LAW (June 27, 2025), <https://news.bloomberglaw.com/us-law-week/growing-denials-of-ptab-petitions-demand-sharp-patent-strategies>; Lestin L. Kenton, *Patent Office Introduces New Discretionary Denial Process for Challenges to Issued Patents*, REUTERS (May 16, 2025), <https://www.reuters.com/legal/legalindustry/patent-office-introduces-new-discretionary-denial-process-challenges-is-sued-2025-05-16/>.

2. Compare *NHK Springs Co., Ltd. v. Intri-Plex Techs., Inc.*, IPR 2018-00752, Paper 8 at 11–21 (PTAB, Sept. 12, 2018) (designated precedential) and *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 3 (PTAB Mar. 20, 2020) (designated precedential) with Memorandum from Katherine K. Vidal, Under Sec'y of Com. for Intell. Prop. and Dir. of the USPTO (June 21, 2022) ("Vidal Memo") https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621.pdf and Memorandum from Coke Morgan Stewart, Acting Under Sec'y of Com. for Intell. Prop. And Acting Dir. of the USPTO (March 26, 2025) ("Stewart Memo") <https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf>.

3. PN927, 115th Cong. (2nd Sess. 2018) (confirming nomination of Andrei Iancu, of California, to be Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office).

4. *Irell Welcomes Back Former USPTO Director Andrei Iancu*, IPWATCHDOG (Apr. 1, 2021), <https://ipwatchdog.com/press/irell-welcomes-back-former-uspto-director-andrei-iancu/>.

5. *Kathi Vidal*, USPTO, <https://www.uspto.gov/about-us/executive-biographies/kathi-vidal> (last visited Sept. 21, 2025).

6. Stewart Memo, *supra* note 2.

7. Gene Quinn, *Trump Names Coke Stewart Acting Director of the USPTO*, IPWATCHDOG (Jan. 20, 2025), <https://ipwatchdog.com/2025/01/20/trump-names-coke-stewart-acting-director-uspto/id=185229/>; *Coke Morgan Stewart*, USPTO, <https://www.uspto.gov/about-us/coke-morgan-stewart> (last visited Sept. 21, 2025); *USPTO Welcomes New Director John A. Squires*, USPTO (Sept. 22, 2025) <https://www.uspto.gov/about-us/news-updates/uspto-welcomes-new-director-john-squires>.

8. The Stewart Memo, *supra* note 2, explains that the Director will issue decisions on discretionary denial. In some cases, however, the Director may be recused due to conflicts.

Stewart issued numerous decisions that analyzed patent owners’ so-called “settled expectations.”⁹ Stewart has held that a patent owner’s “settled expectations” weigh in favor of discretionary denial.¹⁰ The current USPTO Director, John Squires, was confirmed by the Senate on September 18, 2025.¹¹ On October 17, 2025, Squires issued a Memorandum stating that he, as Director, will personally consider all institution factors, including discretionary and merits arguments, and issue a “summary notice” either granting or denying institution.¹² Recent discretionary denial decisions may provide insight into how Squires will consider these factors. This article also discusses recent decisions regarding a *petitioner’s* settled expectations of non-infringement, which Former Acting Director Stewart held may weigh against discretionary denial.¹³ This article discusses how these decisions reflect a change in how the PTAB analyzes discretionary denial factors and the impact on recent PTAB practice.

Finally, this article discusses the strategic implications of PTAB discretionary policy for petitioners and patent owners.

II. “SETTLED EXPECTATIONS” WERE NOT A FACTOR IN PREVIOUS PTAB ADMINISTRATIONS

Director Iancu’s administration oversaw the first elaboration of PTAB discretionary denial practice in the prominent *NHK Springs* and *Fintiv* decisions.¹⁴ Director Vidal later revised the relative importance of these *Fintiv*

9. See, e.g., *Dabico Airport Sols. v. Axa Power Aps*, IPR2025-00408, Paper 21 at 3-4 (PTAB June 18, 2025); *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10 at 3 (PTAB June 6, 2025); *Sandisk Techs., Inc. v. Polaris PowerLED Techs., LLC*, IPR2025-00515, Paper 15 at 2-3 (PTAB July 16, 2025); *Murata Mfg., Co., Ltd. v. Georgia Tech Rsch. Corp.*, IPR2025-00383, Paper 14 at 3 (PTAB July 29, 2025); *Roche Diabetes Care, Inc. v. Trividia Health, Inc.*, IPR2025-00553, Paper 10 at 2-3 (PTAB July 29, 2025); *Transcend Info. Inc. v. Truesight Comms. LLC*, IPR2025-00723, Paper 10 at 2-3 (PTAB Aug. 4, 2025).

10. *Id.*

11. *Nomination of John Squires, of Florida, to be Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office*, 119th Cong., 1st Sess., S6721 (2025) <https://www.congress.gov/nomination/119th-congress/26/44>

12. Memorandum from John A Squires, Under Sec’y of Com. for Intell. Prop. And Acting Dir. of the USPTO (Oct. 17, 2025) https://www.uspto.gov/sites/default/files/documents/open-letter-and-memo_20251017.pdf?utm_campaign=subscriptioncenter&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=

13. *Home Depot U.S.A., Inc. v. H2 Intellect LLC*, IPR2025-00480, Paper 11 at 2-3 (PTAB Sept. 4, 2025).

14. *NHK Springs Co., Ltd. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 11-19 (PTAB, Sept. 12, 2018) (designated precedential); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 3 (PTAB Mar. 20, 2020) (designated precedential). The *NHK Springs* opinion was written by Judge Michelle N. Ankenbrand, who has clarified the Coke Administration discretionary guidance in several PTAB webinars. See Kalyan Deshpande and Michelle Ankenbrand, *Patent Trial and Appeal Board (PTAB) USPTO Hour: Interim Processes Relating to Institution in AIA Proceedings*, AIA (Aug. 13, 2025).

factors.¹⁵ These frameworks never considered the impact of “settled expectations” in the discretionary denial analysis.

A. The Iancu Administration Did Not Consider Settled Expectations as a Discretionary Denial Factor

The Iancu administration established the first comprehensive discretionary denial framework in the *NHK Springs v. Intri-Plex Techs* and *Apple Inc. v. Fintiv, Inc.* decisions.¹⁶ Notably, this framework did not include a patent’s age, or a petitioner’s knowledge of a patent, as factors that favored denial.¹⁷ Instead, the Iancu administration’s discretionary denial policy was primarily concerned with parallel litigation issues.¹⁸ Via *NHK Springs* and *Fintiv*, Director Iancu created a framework that would be applied in discretionary denial decisions—but which did not consider “settled expectations.”¹⁹

In *NHK Springs*, the Board specifically rejected using the petitioner’s earlier knowledge of the patent as a reason to deny institution.²⁰ There, the Board considered two discretionary denial arguments under § 314(a).²¹ First, patent owner argued that petitioner’s knowledge of the patent weighed against institution.²² Patent owner asserted that petitioner had known about the patent for more than 10 years, but waited to challenge the patent until sued for infringement.²³ The Board was “not persuaded that this lapse in time favors denying review,” and emphasized that the petition was “timely.”²⁴ Therefore, the Board held that the age of the patent did not weigh against institution. Second, patent owner argued that review would be inefficient given the ongoing district court litigation between the parties.²⁵ The Board agreed that the advanced state of the parallel district court proceeding

15. Vidal Memo, *supra* note 2.

16. See *NHK Springs*, IPR2018-00752, Paper 8 at 11-19; *Fintiv*, IPR2020-00019, Paper 11 at 3.

17. See *NHK Springs*, IPR2018-00752, Paper 8 at 19.

18. *Fintiv*, IPR2020-00019, Paper 11 at 3.

19. See *NHK Springs*, IPR2018-00752, Paper 8 at 11-19; *Fintiv*, IPR2020-00019, Paper 11 at 3.

20. *NHK Springs*, IPR2018-00752, Paper 8 at 11-19.

21. *Id.*

22. *Id.*

23. *Id.*

24. *Id.* (discussing that 35 U.S.C. § 315(b) bars filing a petition more than one year after being served with a complaint for infringement, but because Petitioner filed its petition within 1 year of the infringement suit the petition was “timely”).

25. *Id.* at 11.

weighed in favor of discretionary denial.²⁶ The Board then discretionarily denied the petition.²⁷

Subsequently, in the precedential *Apple Inc. v. Fintiv, Inc.* decision, the Iancu administration clarified its discretionary denial guidance.²⁸ The *Fintiv* opinion established six factors the Board could consider as part of its discretionary denial analysis.²⁹ Those *Fintiv* factors are primarily directed to parallel litigation concerns.³⁰ *Fintiv*, designated as precedential, was a meaningful development in PTAB discretionary denial guidance.³¹

B. The Vidal PTAB Administration’s *Discretionary Denial* Analysis Did Not Consider “Settled Expectations”

In April 2022—two years after *Fintiv*—Kathi Vidal succeeded Iancu as Director.³² In July 2022, Director Vidal’s Administration issued an interim memorandum (“Vidal Memo”) governing discretionary denial.³³ The Vidal Memo preserved the six discretionary denial factors provided in the *Fintiv* decision.³⁴ However, the Vidal Memo increased the weight of “compelling evidence of unpatentability,” as a factor³⁵ and stated that a petition would not be discretionarily denied if the petitioner filed a *Sotera*³⁶ stipulation.³⁷

26. *Id.*

27. *Id.* at 2. The Board also based its decision on Section 325(d). Section 325(d) gives the Board the express discretion to deny a petition when “the same or substantially the same prior art or arguments previously were presented to the Office.” 35 U.S.C. § 325(d). Section 314(a) provides the Director with her general discretion on whether institution of review is appropriate. 35 U.S.C. § 314(a). The discretionary denial factors enumerated in the Stewart memo fall under this statute.

28. See *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 2 (PTAB Mar. 20, 2020) (designated precedential).

29. *Id.* at 5–6 (providing 6 enumerated factors: (1) whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted; (2) proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision; (3) investment in the parallel proceeding by the court and the parties; (4) overlap between issues raised in the petition and in the parallel proceeding; (5) whether the petitioner and the defendant in the parallel proceeding are the same party; and (6) other circumstances that impact the Board’s exercise of discretion, including the merits.)

30. *Id.*

31. See *Fintiv*, IPR2020-00019, Paper 11 at 1; *Precedential and Informative Decisions*, USPTO <https://www.uspto.gov/patents/ptab/precedential-informative-decisions> (last visited Sept. 24, 2025) (“A precedential decision establishes binding authority concerning major policy or procedural issues[.]”).

32. *Kathi Vidal*, *supra* note 5.

33. Vidal Memo, *supra* note 2.

34. *Id.* at 1-2.

35. *Id.*

36. A petitioner brings a *Sotera* stipulation by agreeing that if the petition for IPR is instituted, petitioner will not raise any argument in the District Court that it raised, or could have raised, in the IPR. See *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020).

37. Vidal Memo, *supra* note 2.

Though the Vidal Memo increased the PTAB's institution rates,³⁸ it used the same *Fintiv* factors as the Iancu administration.³⁹

The Vidal administration did not treat a petitioner's knowledge of the patent, or the patent's age, as relevant to discretionary denial.⁴⁰ For example, in *PNC Bank v. United Services Automobile Association*, the PTAB panel granted institution despite patent owner's argument that petitioner was aware of the patent-at-issue.⁴¹ Therefore, during the Vidal administration, settled expectations based on the age of a patent or knowledge of the patent did not weigh in favor of discretionary denial.

III. SETTLED EXPECTATIONS UNDER THE STEWART/SQUIRES ADMINISTRATION

Former Acting Director Stewart notably altered the landscape of discretionary denials. On February 28, 2025, Stewart rescinded former Director Vidal's guidance memo on discretionary denials.⁴² A month later, Stewart issued a new guidance memo governing discretionary denial decisions.⁴³ Under Stewart's guidance, discretionary denial decisions would be considered and issued by the Director, instead of by a panel of PTAB judges.⁴⁴ Stewart's new guidance also provided new factors that could be considered in discretionary denial decisions, explicitly including "settled expectations . . . such as the length of time the claims have been in force."⁴⁵ In her subsequent orders, Stewart has repeatedly cited "settled expectations" as a basis for

38. See Ehsun Forghany & Michael J. Baldwin, *USPTO Rescinds Vidal's 2022 Guidance on PTAB Discretionary Denials*, ARENTFOX SCHIFF (Mar. 11, 2025), <https://www.afslaw.com/perspectives/alerts/uspto-rescinds-vidals-2022-guidance-ptab-discretionary-denials>; Inge A. Osman et al., *The PTAB Pendulum Swings Back to Petitioners*, LATHAM & WATKINS (Nov. 15, 2022), <https://www.lw.com/admin/upload/SiteAttachments/Alert-3032.pdf>; *Patent Trial and Appeal Board Parallel Litigation Study June 2022*, USPTO (June 21, 2022), https://www.uspto.gov/sites/default/files/documents/ptab_parallel_litigation_study_20220621_.pdf.

39. Vidal Memo, *supra* note 2.

40. See *PNC Bank v. United Servs. Auto. Ass'n*, IPR2021-01070, Paper 20 at 15 (PTAB Jan. 24, 2022) (applying non-exhaustive discretionary denial factors enumerated in *Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 9–10 (PTAB Sept. 6, 2017)).

41. *Id.*

42. *USPTO Rescinds Memorandum Addressing Discretionary Denial Procedures*, USPTO (Feb. 28, 2025), <https://www.uspto.gov/about-us/news-updates/uspto-rescinds-memorandum-addressing-discretionary-denial-procedures>.

43. Stewart Memo, *supra* note 2. Stewart's guidance memorandum made several other notable changes to discretionary denial procedure. *Id.* The memorandum bifurcated institution decisions into two groups; those addressing discretionary denial issues and those addressing merits issues. *Id.* If a patent owner raises discretionary denial issues, the Director will author an opinion addressing those issues. *See id.*

44. *Id.*

45. *Id.* (The Stewart Memo also included that "all relevant" considerations could be addressed in a discretionary denial argument, meaning the list of factors is not exhaustive.).

denying institution.⁴⁶ Her decisions align with her public statements regarding the policy goals of the administration—namely, to incentivize earlier patent challenges and increase efficiency.⁴⁷ These changes have attracted considerable attention.⁴⁸

A. “Settled Expectations” of the Patent Owner Weighing In Favor of Discretionary Denial

Overall, Stewart’s discretionary denial decisions suggest a set of factors that weigh in favor or against a patent owner’s settled expectations. These include: the age of the patent;⁴⁹ the petitioner’s knowledge of the patent;⁵⁰ evidence of examiner error;⁵¹ and a patent owner’s actions.⁵²

During her time as Acting Director, Stewart issued decisions holding that the age of the patent favors discretionary denial.⁵³ Generally, Stewart’s decisions considering a patent’s age tend to show that a patent that is six or more years old has strong settled expectations, favoring discretionary

46. See, e.g., *Dabico Airport Sols. v. Axa Power Aps*, IPR2025-00408, Paper 21 at 3-4 (PTAB June 18, 2025); *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10 at 3 (PTAB June 6, 2025); *Sandisk Techs., Inc. v. Polaris PowerLED Techs., LLC*, IPR2025-00515, Paper 15 at 2-3 (PTAB July 16, 2025); *Murata Mfg., Co., Ltd. v. Georgia Tech Rsch. Corp.*, IPR2025-00383, Paper 14 at 3 (PTAB July 29, 2025); *Roche Diabetes Care, Inc. v. Trividia Health, Inc.*, IPR2025-00553, Paper 10 at 2-3 (PTAB July 29, 2025); *Transcend Info. Inc. v. Truesight Comms. LLC*, IPR2025-00723, Paper 10 at 2-3 (PTAB Aug. 4, 2025).

47. Gene Quinn, *Stewart Says USPTO Wants Early Validity Challenges, Not Late IPRs*, IPWATCHDOG, (June 10, 2025) <https://ipwatchdog.com/2025/06/10/189554/id=189554/>; Ryan Davis, *Stewart Says New Policies Seek Fairness for Patent Owners*, LAW360 (Sept. 15, 2025), https://www.law360.com/ip/articles/2386048?nl_pk=9f9732bc-c365-4585-94fe-29930b9d5ad6&utm_source=newsletter&utm_medium=email&utm_campaign=ip&utm_content=2025-09-16&read_more=1&nlsidx=0&nlaidx=0.

48. See, e.g., Alexic Cohen et al., *USPTO Issues Memo on Interim Process for PTAB Discretionary Denial Evaluation*, WILMERHALE (March 31, 2025), <https://www.wilmerhale.com/en/insights/client-alerts/20250331-uspto-issues-memo-on-interim-process-for-ptab-discretionary-denial-evaluation>; Eileen McDermott, *USPTO Acting Director Expands on Reasoning for New Interim PTAB ‘Workload Management’ Process*, IPWATCHDOG, (April 1, 2025), <https://ipwatchdog.com/2025/04/01/uspto-acting-director-expands-reasoning-interim-ptab-workload-management-process/id=187778/>; Umber Aggarwal & Forest A. Jones, *New PTAB Denial Processes Grow More and More Confusing*, LAW360, (July 18, 2025) <https://www.finnegan.com/en/insights/articles/new-ptab-denial-processes-grow-more-and-more-confusing.html>; Ryan Davis, *PTAB Leader Urges Specificity in Discretionary Denials*, LAW360 (Sept. 9, 2025), https://www.law360.com/ip/articles/2385678?nl_pk=9f9732bc-c365-4585-94fe-29930b9d5ad6&utm_source=newsletter&utm_medium=email&utm_campaign=ip&utm_content=2025-09-10&read_more=1&nlsidx=0&nlaidx=0.

49. See, e.g., *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10 at 3 (PTAB June 6, 2025); *Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12 at 2-3 (PTAB June 26, 2025).

50. *iRhythm Techs.*, IPR2025-00363, Paper 10 at 3.

51. *Anthony, Inc. v. ControlTec, LLC*, IPR2025-00559, Paper 12 at 2-3 (PTAB July 16, 2025).

52. See *Globus Medical, Inc. v. Spinologic, Inc.*, IPR2025-00225, Paper 8 at 2 (PTAB June 12, 2025); *Intel Corp. v. Proxense, LLC*, IPR2025-00327, Paper 12 at 2-3 (PTAB June 26, 2025).

53. *Intel*, IPR2025-00327, Paper 12 at 2-3.

denial.⁵⁴ Patents younger than six years have lower, but not non-existent, settled expectations.⁵⁵ This is a notable change from previous administrations which did not accord weight to a patent's age when deciding discretionary denial.⁵⁶

Similarly, Stewart also issued decisions holding that a petitioner's knowledge of the patent-at-issue favors discretionary denial.⁵⁷ For example, in *iRhythm v. Welch Allyn*, Stewart discretionarily denied an IPR petition due to the petitioner's knowledge of the patent-at-issue.⁵⁸ The petitioner had cited the patent-at-issue in an information disclosure statement during the prosecution of one of its own patents in 2013, twelve years before bringing the petition for *inter partes* review.⁵⁹ Stewart held that petitioner's prior "awareness" of the patent-at-issue constituted a failure to seek early review of the patent.⁶⁰ Accordingly, Stewart discretionarily denied the petition.⁶¹ The result in *iRhythm* is not a one-off decision. In *Google v. Soundclear Technologies*, Acting Deputy Chief Judge Kalyan Deshpande⁶² rejected a petition for *inter partes* review on the same grounds.⁶³ Judge Deshpande found that petitioner's citation of the patent-at-issue in a prior IDS showed petitioner had "actual notice" of the patent-at-issue, which weighed in favor of discretionary denial.⁶⁴

54. See, e.g., *Intel*, IPR2025-00327, Paper 12 at 2–3 (denying institution of patents that had been in force over nine years); *Sandisk Techs., Inc. v. Polaris PowerLED Techs., LLC*, IPR2025-00515, Paper 15 at 2–3 (PTAB July 16, 2025) (denying institution of patents that had been in force for 9 and 12 years); *Murata Mfg., Co., Ltd. v. Georgia Tech Rsch. Corp.*, IPR2025-00383, Paper 14 at 3 (PTAB July 29, 2025) (denying institution of patent that had been in force for 16 years); *NVIDA Corp. v. Neural AI, LLC*, IPR2025-00606, Paper 18 at 2-3 (PTAB July 31, 2025) (denying institution of patent that had been in force for 11 years and crediting patent's age with creating strong settled expectations).

55. See, e.g., *Amgen Inc. v. Bristol-Myers Squibb Co.*, IPR2025-00601, Paper 9 at 2–3 (July 24, 2025) (denying institution of patent that was only in force for three years due to Patent Owner's settled expectations resulting from "extraordinary amount of investment, time, and resources dedicated to research, development, trials, and regulatory approval").

56. See *PNC Bank v. United Servs. Auto. Ass'n*, IPR2021-01070, Paper 20 at 15 (PTAB Jan. 24, 2022) (applying non-exhaustive discretionary denial factors enumerated in *Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 9–10 (PTAB Sept. 6, 2017)).

57. *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10 at 3 (PTAB June 6, 2025); *Google LLC v. Soundclear Techs. LLC*, IPR2025-00344, Paper 15 at 3 (PTAB Aug. 4, 2025) (decision authored by then Acting Deputy Chief Administrative Patent Judge Kalyan Deshpande).

58. *iRhythm Techs.*, IPR2025-00363, Paper 10 at 3.

59. *Id.*

60. *Id.*

61. *Id.*

62. Acting Deputy Chief Judge Kalyan Deshpande authored the decision in *Google v. Soundclear* because Acting Director Stewart was recused due conflicts from her previous work in the private sector. Since this decision, Deshpande has been elevated to Acting Chief Judge. See *Kalyan Deshpande*, USPTO <https://www.uspto.gov/about-us/kalyan-deshpande> [https://perma.cc/Y53Y-HQDA].

63. *Google LLC v. Soundclear Tech. LLC*, IPR2025-00344, Paper 15 at 3 (P.T.A.B. Aug. 4, 2025).

64. *Id.*

Conversely, evidence of examiner error can blunt the impact of a patent that may have been issued for numerous years and support institution.⁶⁵ In *Anthony Inc. v. Controltec, LLC*, the petitioner provided “persuasive reasoning, supported by evidence” that the examiner erred by granting a patent in its first office action while “overlooking the teachings” of certain prior art.⁶⁶ Stewart noted that “[a]lthough the challenged patents have been in force for approximately eighteen and seventeen years,” the evidence of material examiner error made review appropriate.⁶⁷

A patent owner’s own actions can also destroy its settled expectations. For example, in *Globus Medical, Inc. v. Spinelogic, Inc.*, Stewart determined that because the patent owner let its eight-year-old patent expire due to non-payment of maintenance fees, the patent owner “expected non-enforcement,” rather than validity.⁶⁸ As another example, Stewart, in dicta, listed a patent owner’s non-commercialization as weighing against settled expectations.⁶⁹ However, petitioners have found little success pointing to non-commercialization. For example in *Jinkosolar v. Longi Green Energy*, petitioner argued that patent owner did not have settled expectations because patent owner had failed to utilize the patent-at-issue.⁷⁰ Stewart denied institution, finding the petitioner’s “unsupported argument” that the patent owner had never commercialized its patent “d[id] not defeat Patent Owner’s strong settled expectations” in its decade-old patent.⁷¹

B. “Settled Expectations” of the Petitioner Weighing Against Discretionary Denial

Former Director Stewart’s decisions also illustrate situations in which a petitioner may have settled expectations, including expectations of non-infringement or expectations that the patent-at-issue would not be asserted.⁷²

65. *Anthony Inc. v. ControlTec, LLC*, IPR2025-00559, Paper 12 at 2–3 (P.T.A.B. July 16, 2025).

66. *Id.*

67. *Id.*

68. *Globus Medical, Inc. v. Spinelogic, Inc.*, IPR2025-00225, Paper 8 at 2 (P.T.A.B. June 12, 2025).

69. *Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12 at 2–3 (P.T.A.B. June 26, 2025) (“As another example, a patent may have been in force for years but may not have been commercialized, asserted, marked, licensed, or otherwise applied in a petitioner’s particular technology space, if at all. These non-exclusive examples provide considerations that weigh against a patent owner’s claim of settled expectations and bears on the Director’s discretion.”).

70. *Jinkosolar Co., Ltd. v. Longi Green Energy Tech. Co. Ltd.*, IPR2025-00859, Paper 10 at 2–3 (P.T.A.B. Sept. 3, 2025).

71. *Id.*

72. *See, e.g., id.* at 2–3; *Datadome S.A. v. Arkose Labs Holdings, Inc.*, IPR2025-00693, Paper 13 at 2–3 (P.T.A.B. Aug. 14, 2025); *Apple Inc. v. Ferid Allani*, IPR2025-00856, Paper 11 at 3 (P.T.A.B. Sept. 5, 2025).

For example, in *Apple v. Ferid Allani*, Stewart referred two petitions to the merits panel and determined discretionary denial was not appropriate because patent owner failed to assert the patents for 11 years after first making its infringement allegations.⁷³ There, the patent owner had contacted the petitioner in 2012 regarding the patent-at-issue.⁷⁴ Petitioner responded by telling patent owner that it did not require a license because its products did not infringe.⁷⁵ Patent owner did not bring suit until 11 years later—by which time the patent had expired.⁷⁶ Stewart held that discretionary denial was inappropriate under these facts.⁷⁷

Similarly, Stewart referred a petition to the merits panel despite patent owner's discretionary denial arguments in *Home Depot v. H2 Intellect*.⁷⁸ Petitioner argued that it had settled expectations that the patent-at-issue would not be asserted as it had not been “commercialized . . . or otherwise applied in **its technology space**.”⁷⁹ Petitioner argued that, until patent owner's parallel district court action accused petitioner's retail kiosks of infringement, the patent-at-issue had only been asserted against personal electronics.⁸⁰ Stewart agreed that petitioner did not have reason to anticipate the patent-at-issue would be asserted against it.⁸¹ Stewart determined petitioner's expectations outweighed patent owner's discretionary denial arguments, and accordingly referred the case to the merits panel.⁸²

In the absence of a patent owner's actions, the petitioner's unilateral expectations are less of a factor. In *Datadome v. Arkose Labs*, petitioner argued it had settled expectations the patent-at-issue would not be asserted against it because it received a series of letters from patent owner in 2023.⁸³ Petitioner responded with its own letters asserting that its products did not require a license to the patent-at-issue.⁸⁴ The patent owner brought an

73. *Apple Inc. v. Ferid Allani*, IPR2025-00856, Paper 11 at 2–4 (P.T.A.B. Sept. 5, 2025).

74. *Id.* at 3.

75. *Id.*

76. *Id.*

77. *Id.* at 3–4.

78. *Home Depot U.S.A., Inc. v. H2 Intellect LLC*, IPR2025-00480, Paper 11 at 2–3 (P.T.A.B. Sept. 4, 2025).

79. *Id.* (emphasis added); see also *Jinkosolar Co., Ltd. v. Longi Green Energy Tech. Co. Ltd.*, IPR2025-00859, Paper 10 at 2–3 (P.T.A.B. Sept. 3, 2025).

80. *Home Depot U.S.A., Inc. v. H2 Intellect LLC*, IPR2025-00480, Paper 11 at 2 (P.T.A.B. Sept. 4, 2025).

81. *Id.* at 3.

82. *Id.*

83. *Datadome S.A. v. Arkose Labs Holdings, Inc.*, IPR2025-00693, Paper 13 at 2 (P.T.A.B. Aug. 14, 2025).

84. *Id.*

infringement action that year.⁸⁵ Director Stewart held that these facts were insufficient to create settled expectations for the petitioner and, accordingly, denied the petition, writing that “a concession of non-infringement by a Patent Owner may constitute settled expectations **However, a Petitioner’s reliance on its own assessment** of patents presents a different consideration.”⁸⁶

Former Acting Director Stewart’s decisions show that a petitioner can have settled expectations which weigh against discretionary denial, influenced by specific circumstances.⁸⁷ Petitioners may have settled expectations when patent owner delays bringing an infringement suit.⁸⁸ Further, a petitioner may have settled expectations if accused of infringing a patent from outside its technology area.⁸⁹ However, a petitioner asserting noninfringement is not enough by itself to create settled expectations.⁹⁰

IV. DISCRETIONARY DENIAL STRATEGIC CONSIDERATIONS

Congress confirmed John Squires as USPTO Director, and Squires has issued guidance stating that he will personally consider all institution factors, including discretionary factors.⁹¹ Previous discretionary denial decisions issued may provide insight into the institution analysis, and create new strategic considerations for petitioners and patent owners. Through her issued decisions, Former Acting Director Stewart confirmed the importance of the settled expectations factor on the discretionary denial analysis. The discussion below addresses potential arguments and factual circumstances for petitioners and patent owners to investigate when engaged in PTAB litigation.

A. Settled Expectations Considerations as Petitioner

The importance of settled expectations toward discretionary denial creates particular concerns for petitioners. First, petitioners should be cognizant of a patent’s age. Because a patent owner is very likely to possess settled

85. Arkose Labs Holdings, Inc. v. DataDome, Case No. 1:23-cv-01467 (D. Del. Dec. 27, 2023).

86. Datadome S.A., v. Arkose Labs Holdings, Inc., IPR2025-00693, Paper 13 at 2-3 (P.T.A.B. Aug. 14, 2025) (emphasis added).

87. *See, e.g.*, Apple Inc. v. Ferid Allani, IPR2025-00856, Paper 11, at 2-4 (P.T.A.B. Sept. 5, 2025).

88. *See id.*

89. Home Depot U.S.A., Inc. v. H2 Intellect LLC, IPR2025-00480, Paper 11 at 2-3 (P.T.A.B. Sept. 4, 2025).

90. Datadome S.A., v. Arkose Labs Holdings, IPR2025-00693, Paper 13 at 2 (P.T.A.B. Aug. 14, 2025).

91. Memorandum from John A Squires, Under Sec’y of Com. for Intell. Prop. & Acting Dir. of the USPTO (Oct. 17, 2025) https://www.uspto.gov/sites/default/files/documents/open-letter-and-memo_20251017.pdf?utm_campaign=subscriptioncenter&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=

expectations in a patent six years or older, petitioners can expect a settled expectations discretionary denial argument to be raised in opposition to any petition against an older patent.⁹²

To counter a settled expectations argument based on age, petitioners might consider making an argument similar to the argument raised by petitioner in *Home Depot*.⁹³ Specifically, a petitioner may argue that the patent-at-issue was not commercialized or utilized *within petitioner's technology space*.⁹⁴ Petitioners might seek to distinguish the technology field in which patent owner has used its patent from the technology field of petitioner's products.⁹⁵ If the Director agrees that the patent has not been asserted within the same technology field, the petitioner may have settled expectations which would weigh against discretionary denial.⁹⁶

Second, petitioners should be prepared to address any settled expectations arguments regarding petitioner's awareness of the patent-at-issue. In previous decisions, Stewart has held that a petitioner's prior "awareness" of a patent, including via citation of the patent-at-issue during prosecution, weighs in favor of discretionary denial.⁹⁷ Therefore, petitioners should investigate the prosecution history of their own patents for potential citations to the patent-at-issue. Petitioners should also investigate whether they received any correspondence from the patent owner regarding the patent prior to filing a petition, as Stewart has held that a letter-writing campaign may constitute awareness of a patent.⁹⁸ Petitioners might argue, if supported by factual circumstances, that they responded to any correspondence regarding the patent-at-issue by asserting that the patent did not cover their products or that a license was unnecessary.⁹⁹

92. See, e.g., *Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12 at 2-3 (P.T.A.B. June 26, 2025) (denying institution of patents that had been in force over nine years); *Sandisk Techs., Inc. v. Polaris PowerLED Techs., LLC*, IPR2025-00515, Paper 15 at 2-3 (P.T.A.B. July 16, 2025) (denying institution of patents that had been in force for 9 and 12 years); *Murata Mfg., Co., Ltd. v. Georgia Tech Rsch. Corp.*, IPR2025-00383, Paper 13 at 3 (P.T.A.B. July 29, 2025) (denying institution of patent that had been in force for 16 years); *NVIDA Corp. v. Neural AI, LLC*, IPR2025-00606, Paper 16 at 2-3 (P.T.A.B. July 31, 2025) (denying institution of patent that had been in force for 11 years and crediting patent's age with creating strong settled expectations).

93. *Home Depot*, IPR2025-00480, Paper 11 at 2-3.

94. See *id.*

95. See *id.*

96. Compare *id.* (finding petitioner's expectations outweigh the considerations favoring discretionary denial) with *Jinkosolar Co., Ltd. v. Longi Green Energy Tech. Co. Ltd.*, IPR2025-00859, Paper 10 at 2-3 (P.T.A.B. Sept. 3, 2025) (denying institution based on "holistic assessment of all of the evidence and arguments presented").

97. *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10 at 3 (P.T.A.B. June 6, 2025).

98. See *Datadome S.A. v. Arkose Labs Holdings, Inc.*, IPR2025-00693, Paper 13 at 2 (P.T.A.B. Aug. 14, 2025).

99. See *Apple Inc. v. Ferid Allani*, IPR2025-00856, Paper 11 at 2-4 (P.T.A.B. Sept. 5, 2025).

As a final point, petitioners may also consider bringing a PGR petition instead of an IPR petition, if possible.¹⁰⁰ Stewart has issued decisions stating that PGR challenges are favored and weigh against discretionary denial.¹⁰¹ In a case where a PGR is available, this could circumvent a discretionary denial.¹⁰²

B. Settled Expectations Considerations as Patent Owner

Patent owners should also be emboldened to make discretionary denial arguments. The new guidance has increased the percentage of cases which are discretionarily denied, and patent owners should seek to make the most of the settled expectations factor.¹⁰³

First, patent owners could raise discretionary denial arguments in any case where a patent is nearly six years old or older.¹⁰⁴ Even if not dispositive, settled expectations arguments based on age have been difficult for petitioners to rebut.¹⁰⁵ Second, patent owners might identify any citations (such as in an unrelated proceeding), prosecution disclosures, or other public mention of the patent by petitioner, as a petitioner's awareness of a patent strengthens the patent owner's settled expectations.¹⁰⁶ Patent owner may also make a similar argument if it previously sent correspondence regarding the patent-at-issue to petitioner.¹⁰⁷

100. Note, however, that this will not be possible in a case with an older patent, as PGRs must be brought within nine months of the grant date of the patent. 35 U.S.C. § 321(c).

101. *Toyota Motor Corp. v. Autoconnect Holdings LLC*, PGR2025-00041, Paper 9 at 2 (P.T.A.B. Sept. 8, 2025) (referring PGR petition to the Board and noting "petitions for post-grant review are favored because they must be filed no later than nine months from the grant of the patent . . . are close in time to examination, and occur before expectations in the patent rights are strongly settled").

102. *See id.*

103. *See Osman, supra* note 38.

104. *See, e.g., Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12 at 2–3 (P.T.A.B. June 26, 2025) (denying institution of patents that had been in force over nine years); *Sandisk Techs., Inc. v. Polaris PowerLED Techs., LLC*, IPR2025-00515, Paper 15 at 2 (P.T.A.B. July 16, 2025) (denying institution of patents that had been in force for 9 and 12 years); *Murata Mfg., Co., Ltd. v. Georgia Tech Rsch. Corp.*, IPR2025-00383, Paper 13 at 2 (P.T.A.B. July 29, 2025) (denying institution of patent that had been in force for 16 years); *NVIDIA Corp. v. Neural AI, LLC*, IPR2025-00606, Paper 16 at 2 (P.T.A.B. July 31, 2025) (denying institution of patent that had been in force for 11 years and crediting patent's age with creating strong settled expectations).

105. *See, e.g., iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10 at 3 (P.T.A.B. June 6, 2025).

106. *Id.*

107. *See Datadome S.A. v. Arkose Labs Holdings, Inc.*, IPR2025-00693, Paper 13 at 2 (P.T.A.B. Aug. 14, 2025).

V. CONCLUSION

The discretionary denial policies promulgated under Stewart, increased the discretionary denial rate at the PTAB.¹⁰⁸ Under the current administration, settled expectations arguments will likely hold significant weight and are likely to arise in the briefing. Petitioners and patent owners should be aware of the recent decisions regarding discretionary denial and continue to watch for future developments.

108. See Yuri Levin-Schwartz, *IPR Discretionary Denial Rates at the PTAB: The New Normal*, MBHB, (Aug. 12, 2025) <https://www.mbhb.com/intelligence/snippets/ipr-discretionary-denial-rates-at-the-ptab-the-new-normal/>.