Proskauer

Further Shifts in Patent Office Guidance for Discretionary Denials Signal Uphill Battles for Patent Challengers

The Patent Playbook on **April 3, 2025**

On the heels of the rescission of the *Fintiv* guidance memorandum, the U.S. Patent and Trademark Office has again reshaped the PTAB's approach to discretionary denials. On March 26, 2025, the Acting Director issued a new memorandum that fundamentally changes how the PTAB will handle *inter partes* review and post grant review petitions

Now, all IPR and PGR institution decisions will be decided in two stages: (1) a threshold analysis focused solely on discretionary denials related to parallel proceedings or issues already decided by the Patent Office; and (2) decisions regarding institution based on the merits of the petition itself, but only if the petition survives step 1.

This shift gives patent owners a clearer and potentially earlier path to avoiding PTAB review altogether—without ever having to debate the merits of the petition.

This isn't the first time the PTAB's discretionary denial practices have drawn attention. A 2022 PTAB memorandum was issued after pushback from patent challengers—particularly in cases where the parallel litigation was fast-tracked for trial in district court like those in the Eastern District of Texas. The 2022 guidance signaled that median times-to-trial and particularly meritorious petitions would be given stronger weight to potentially overcome a discretionary denial. This guidance gave petitioners a lifeline, especially for strong petitions.

But that lifeline is diminished. On February 28, 2025, that 2022 memorandum was rescinded. With the March 26, 2025 memorandum, the PTAB has doubled down, creating a bifurcated procedure elevating the discretionary decision over the merits of a petition.

In accordance with the new memorandum, parties will file opposing briefs addressing only discretionary considerations under 35 U.S.C. §§ 314 and 325 concerning denial of institution. The PTAB will then issue a decision as to whether it will deny institution under its discretion, prior to even considering the merits of the petition itself. If the PTAB chooses not to exercise discretion to deny institution, it will then go on to examine the merits of the challenge and issue an institution decision accordingly.

Patent owners will likely find this bifurcated approach to be a rebalancing of the PTAB playing field. Indeed, by addressing purely discretionary issues first, meritorious petitions may be denied based on a pending district court litigation that is set for trial. Patent owners may be drawn to rocket docket jurisdictions, such as the Eastern District of Texas, known to set early trial dates—regardless of whether those dates hold. Under the factors for discretionary denial, a scheduled trial date that occurs before the final written decision (which is approximately 18 months after a petition is filed) weighs against institution.

On the other hand, the new PTAB processes appear to create a steeper uphill battle for patent challengers. They must now clear an early procedural hurdle just to get the PTAB to consider the merits of their case. With no guarantee that even a strong petition will be reviewed, patent challengers will be forced to accelerate the completion and filing of IPR petitions (potentially even prior to the service of a district court complaint in some instances) and weigh their options as to whether a PTAB petition is justified in the face of likely discretionary denial and to increase the odds of success having the petition heard on the merits.

The USPTO says this bifurcated approach is “temporary in nature” and is based on the PTAB’s current workload. These recent PTAB guidance memoranda have already altered the landscape under which patent challengers choose to file petitions. Our team will be monitoring any additional guidance, PTAB institution decisions, and trends indicating how the PTAB’s new approaches are impacting discretionary denials. If you have questions about how this ruling could impact your patent portfolio or patent litigation strategy, we’re here to help.

View original.

Related Professionals

- **Joseph Drayton**
  Partner
- **Erik Milch**
  Partner
- **Elizabeth C. Shrieves**
  Associate