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Discretionary Denials in Action: iRhythm Technologies Inc. v. Welch Allyn Inc.

The Patent Playbook on **June 17, 2025**

The U.S. Patent and Trademark Office ("USPTO") Acting Director's recent decision to deny institution of *inter partes* review ("IPR") in *iRhythm Technologies Inc. v. Welch Allyn Inc.* offers valuable lessons for both patent owners and patent challengers navigating the PTAB's approach to discretionary denials.

As we discussed on our March 19, 2025 post and April 3, 2025 post, the USPTO has recently changed how the Patent Trial and Appeal Board ("PTAB") applies its discretionary authority to deny institution of an IPR petition. First, the USPTO announced that it was rescinding its 2022 memorandum that provided guidance regarding discretionary denials of IPR petitions—effectively returning to the guidance provided in *Apple Inc. v. Fintiv, Inc.* and related decisions. A few weeks later, the USPTO released new guidance. Now all IPR institution decisions will be decided in two stages: (1) the USPTO director considers a threshold analysis focused solely on discretionary factors; and (2) a panel of PTAB judges decides whether to institute based on the merits of the petition itself, but only if the petition survives step 1.

The USPTO Acting Director has already exercised this discretionary authority at step 1 in several cases. In *iRhythm*, the petitioner challenged four of Welch Allyn's patents relating to patient-worn medical devices. Following the new two-step framework, Welch Allyn requested discretionary denial, and iRhythm opposed, both parties focusing on the discretionary factors. In the decision, the Acting Director acknowledged that "[s]everal arguments weigh against discretionary denial," including: (1) a final written decision in the proceeding would likely issue before the district court trial occurs; (2) little investment by the parties in the district court proceeding; and (3) a high likelihood of a stay if an IPR is instituted.

Nevertheless, the Acting Director denied institution, relying solely on one factor: iRhythm's knowledge of the challenged patents. Specifically, iRhythm filed an Information Disclosure Statement 12 years before this proceeding that cited the application that ultimately issued as one of the challenged patents. iRhythm did not deny that it had knowledge of this application—and, subsequently—the issued patent back to 2015 but argued it had no reason to believe it was at risk of infringement allegations given Welch Allyn's silence until 2024. The Acting Director disagreed and concluded "[iRhythm]'s awareness of [Welch Allyn]'s applications and failure to seek early review of the patents favors denial and outweighs the above-discussed considerations."

Takeaway

This decision reinforces the importance of timing in IPR strategy. For challengers, prior knowledge of a patent—even absent a direct threat of litigation—can weigh heavily against institution. The lesson: file early if there is any reasonable concern about patent validity. For patentees, the decision offers a roadmap for leveraging a challenger's historical knowledge to block IPRs—even when other factors suggest institution is appropriate. The Proskauer Team continues to monitor the USPTO's approach to discretionary denials. Please reach out if you have any questions about this decision or the IPR process more broadly.

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Related Professionals

- **Alan S. Teran, Ph.D.**
  Associate
- **Elizabeth C. Shrieves**
  Associate
- **Erik Milch**
  Partner