

Critical Strategic Considerations for PTAB Discretionary Denials

Article

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USPTO Acting Director Coke Morgan Stewart's 26 March memorandum fundamentally altered the institution framework for IPRs and PGRs by removing the PTAB's authority to decide discretionary denial issues. Now, the Director personally decides discretionary issues before PTAB panels may evaluate petition merits—a dramatic shift that early evidence suggests will significantly increase denial rates.

The changes create immediate strategic implications for practitioners, from navigating expanded discretionary factors to managing compressed response timelines. Early decisions reveal a focus on parallel litigation timing while giving less weight to traditional tools like *Sotera* stipulations. Looking forward, questions remain about whether these “temporary” procedures will become permanent features through federal rulemaking, potentially enshrining uncertainty into the patent validity challenge process.

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Bifurcated Process Takes Shape

Under Stewart's memorandum, decisions on whether to institute proceedings are bifurcated between discretionary considerations and merits-based statutory considerations, with the Director either denying institution outright or referring approved petitions to three-member panels for standard merits review. The memorandum establishes a new briefing schedule that runs in parallel with existing PTAB merits briefing, allowing patent owners to request discretionary denial by filing a 14,000-word brief within two months of the PTAB according the petition a filing date. Petitioners may then file 14,000-word opposition briefs within one month of the patent owner's filing. The USPTO has stated that it expects to issue the Director's decision on discretionary denial within one month of receiving all briefs.

The memorandum substantially expands the factors that may justify discretionary denial beyond established precedent. While continuing to recognize existing PTAB precedent including *Fintiv*, *General Plastic* and *Advanced Bionics*, the new framework permits parties to address additional considerations including:

- Whether the PTAB or another forum has already adjudicated the patent claims' validity;
- Changes in law or judicial precedent since patent issuance;
- The strength of the unpatentability challenge;
- The extent of the petition's reliance on expert testimony;
- "Settled expectations" of the parties, including how long the claims have been in force;
- Compelling economic, public health or national security interests; or
- The PTAB's ability to comply with pendency goals and statutory deadlines.

The memorandum explicitly cites "current workload needs of the PTAB" as justification, referencing the board's need to maintain capacity for both America Invents Act proceedings and *ex parte* appeals while managing significant staffing challenges.

FAQ Clarifications of Procedural Ambiguities

Stewart's initial memorandum left several procedural details ambiguous, prompting the USPTO to release a comprehensive [FAQ document](#) that supplements and clarifies the original guidance. The FAQ addresses critical timing issues, confirming that when patent owners file discretionary denial requests early, petitioner response deadlines remain fixed at the statutory three-month date rather than floating based on when the discretionary denial brief is filed.

The FAQ provides particularly important clarification regarding expert testimony considerations. While the memorandum listed "the extent of the petition's reliance on expert testimony" as a discretionary factor, it provided no guidance on how the director would evaluate this factor. The FAQ clarifies that extensive reliance on expert testimony may weigh toward discretionary denial for efficiency reasons, while failure to provide focused expert testimony may weigh against institution on the merits.

The FAQ also establishes that parties should generally not address discretionary denial issues in their merits briefs, so petitioners no longer need to address discretionary denial arguments in their petitions preemptively.

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