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The Changing Landscape of PTAB Discretionary Denials Under the Squires Administration: Shifting Balances in IPR and PGR Proceedings

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The Changing Landscape of PTAB Discretionary Denials Under the Squires Administration:

Shifting Balances in IPR and PGR Proceedings

June 12, 2026

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Prepared for Celesq®

Institution Overhaul

Fintiv & Squires

Stewart & Squires Memos

Settled Expectations

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No humans were hurt in making this presentation, but AI assisted in its preparation.

About Presenter

Charles R. Macedo is a seasoned intellectual property attorney with deep expertise at the intersection of emerging technologies, data-driven businesses, and commercialization. He is recognized as an author, thought leader and frequent lecturer in intellectual property, blockchain, artificial intelligence/software, and data monetization. With a technical background in physics and decades of experience guiding Unicorns, startups, financial services firms, and technology innovators, he has developed IP strategies as they launch and monetize new product lines resulting in collections of hundreds of millions of dollars of royalty revenue.

J.D. 1989, Columbia Law School; B.S./M.S., Physics, 1986; former Law Clerk to Hon. Daniel M. Friedman at U.S. Court of Appeals for the Federal Circuit.

Learning Objectives

- Understand how PTAB institution decisions are made under the current Director-led framework
- Identify and apply the NHK-Fintiv factors in parallel litigation settings
- Recognize key discretionary denial factors from the Stewart and Squires memoranda
- Evaluate the impact of the settled expectations doctrine, including the six-year threshold

Agenda

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02 **Fintiv Factors Under Squires Administration**

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03 **March 2025 Stewart & March 2026 Squires Memos Factors**

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04 **The Settled Expectations Doctrine**

Patent Longevity · Market Reliance · Six-Year Threshold

05 **Conclusion & Strategic Takeaways**

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Centralized Institution Overhaul

Understanding the integrated institution decision process — how the PTAB panel evaluates both discretionary and merits factors together, and how Director review and guidance shape that analysis

Pre-2025 PTAB Institution Framework

Board Panel Decisions

- 3-APJ panels made institution decisions independently
- Director exercised comparatively limited supervisory oversight
- NHK-Fintiv framework applied inconsistently across panels
- Petitioners faced unpredictable institution rates

NHK-Fintiv Origins

- NHK Spring Co. v. Intri-Plex (2019) – discretion based on parallel ITC proceedings and efficiency
- Apple v. Fintiv (2020) – six-factor test for parallel district court litigation
- Vidal Director Guidance (2022) – no denial solely on early trial date
- Post-2022: institution rates recovered but inconsistency persisted

The March 2025 Stewart Memo: Expanded Director Guidance

Acting Director Coke Morgan Stewart issued a memorandum in March 2025 expanding the discretionary factors that the Board must consider — layering additional policy guidance on top of the existing NHK-Fintiv framework, evaluated in the Board's institution decision.

Discretionary Analysis

Board applies Board Precedent (*see* Fintiv, General Plastic, Advanced Bionics), as well as Director guidance factors as part of the institution decision

Merit Threshold

Board evaluates whether petitioner shows reasonable likelihood (IPR) or more likely than not (PGR) that a claim is unpatentable

Director Review

Director retains authority to intervene, grant review, or issue guidance that shapes Board analysis

PTAB Institution Decision: Discretionary and Merits Review

① Petition Filed

Petitioner submits IPR/PGR petition to USPTO

② Institution Analysis (PTAB Panel — APJs)

DISCRETIONARY

Board Precedent and Director guidance is considered

MERITS THRESHOLD

Reasonable likelihood (IPR) / more likely than not (PGR) that a claim is unpatentable

Both evaluated together in one institution decision

✗ DENIAL

Petition denied — either on discretionary or merits grounds; no trial

✓ INSTITUTION

Both discretionary and merits thresholds satisfied

③ Trial Phase (only if instituted)

APJ panel conducts full merits review — discovery, oral argument, expert testimony — and issues Final Written Decision (FWD)

Key Point: *Institution decisions are now bifurcated. Discretionary denial factors and merits threshold are evaluated in a first decision. Only after institution does a three-judge APJ panel receive the case to conduct the trial.*

CENTRALIZED REVIEW

Evolution to Centralized Review Under Director Squires

After Director Squires was sworn in on September 22, 2025, the Director began personally issuing institution decisions and sua sponte review orders — centralizing oversight while the PTAB panel's integrated discretion-plus-merits decision structure remained in place.

Mar 2025	**Stewart Memo:**	Expanded discretionary factors guidance issued; Director assumes direct review authority over institution decisions
Sep 2025	**Squires Sworn In:**	Centralized review formalized; batch weekly decision rounds begin
Oct 2025	**Precedential Designations:**	Key decisions on settled expectations, RPI disclosure, and joinder designated
Jan–Apr 2026	**Weekly Batches:**	Squires issues decisions in ~weekly rounds covering dozens of proceedings

PRECEDENTIAL CASE

Apple v. Squires (Fed. Cir. Feb. 13, 2026)

Court UPHOLDS Director's NHK-Fintiv instructions — no notice-and-comment required

- The Director's NHK-Fintiv instructions constitute a 'general statement of policy' exempt from APA notice-and-comment rulemaking under 5 U.S.C. § 553(b)
- Congress did not provide a legal right to institution of an IPR — the decision is within the Director's unreviewable discretion under 35 U.S.C. § 314(a)
- The instructions do not bind the Director, who retains full authority to make or reverse institution decisions even after an initial Board decision
- The court's use of 'regulation' in the Patent Act does not itself trigger notice-and-comment requirements
- Instructions merely guide the Board in exercising delegated discretion and do not create enforceable rights for petitioners

Practical Impact: The legal foundation for centralized discretionary review is now settled. Petitioners cannot challenge the framework itself.

LANDMARK CASE

In Re Volkswagen (Fed. Cir. Mar. 19, 2026)

Court REJECTS nondelegation challenge to Director's discretionary denial authority

VW's Argument

- Director has 'unbounded discretion' to deny IPR institution
- Congress violated nondelegation doctrine by granting this power
- Challenge modeled on Jarkesy v. SEC (5th Cir.)

Court's Holding

- Exercising discretion NOT to institute IPR resembles executive prosecutorial discretion
- Analogized to Heckler v. Chaney — agency's refusal to institute proceedings is executive power
- Distinguished from Jarkesy: no jury trial right at stake here

Non-institution decisions have no legal effect on underlying patent rights — this insulates the Director's authority from constitutional challenge.

DECISION VOLUME

Scale of Centralized Review: Cumulative Totals (Dec 2025 – Apr 2026)

200	13	94	12	74	10
IPR Denials	PGR Denials	IPR Proceeded to Merits Review	PGR Proceeded to Merits Review	IPR Institution Granted	PGR Institution Granted

Per-Meeting Breakdown (cumulative within each reporting period)

Period	IPR Denied	PGR Denied	IPR → Merits	PGR → Merits	IPR Inst.	PGR Inst.
Dec 17, 2025 – Jan 20, 2026	69	4	37	4	20	3
Jan 20, 2026 – Feb 17, 2026	64	1	22	6	23	2
Feb 17, 2026 – Mar 17, 2026	36	4	16	1	17	4
Mar 17, 2026 – Apr 21, 2026	31	4	19	1	14	1
CUMULATIVE TOTAL	**200**	**13**	**94**	**12**	**74**	**10**

Director Review: Sua Sponte & Party-Initiated

- Director Squires actively exercises sua sponte review authority — initiating review without any party's request when significant legal or policy issues arise
- Party-initiated Director Review: either petitioner or patent owner may request review of any Board institution decision
- Example: Zhuhai Cosmix Battery Co. v. Ningde Amperfex Tech. (Dec. 2025) — Squires vacated the Board's use of extra-record evidence (Hutin reference) because the Board improperly introduced its own evidence, violating the adversarial process requirement
- Example: PacifiCorp v. Birchtech Corp. (Jan. 2026) — Squires vacated institution of multiple parallel IPR petitions per patent challenging the same patent claims under different priority dates; remanded to determine which single petition to institute
- Example: Sinclair Pharma v. HydraFacial (Dec. 2025) — sua sponte review initiated after ITC initial determination found claims not invalid and crediting commercial success evidence, resulting in stay pending de-institution analysis

Practice Point: Monitor the Director Review docket at uspto.gov/patents/ptab — sua sponte orders signal evolving policy priorities.

Key Takeaways

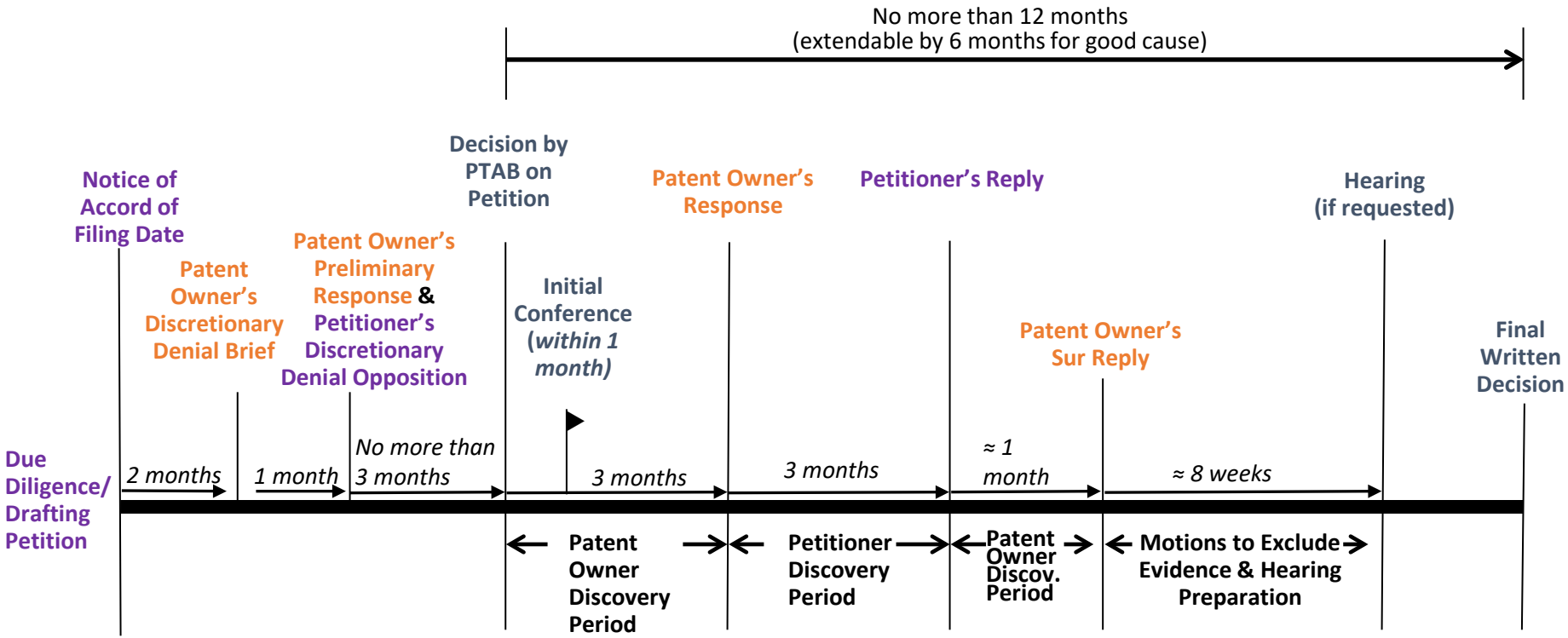
1. Centralized review is settled law — the Federal Circuit confirmed in Apple v. Squires and In Re Volkswagen that neither the NHK-Fintiv framework nor discretionary denial itself is subject to constitutional or APA challenge.

2. Institution decisions are now bifurcated. Discretionary denial factors and merits threshold are evaluated in a first decision. Only after institution does a three-judge APJ panel receive the case to conduct the trial.

3. Volume is high and timelines are compressed — Squires issues batch decisions weekly. Petitioners must anticipate rapid initial disposition on discretionary grounds.

4. Director Review — both sua sponte and party-initiated — creates a second layer of oversight that can vacate or remand any Board institution decision.

New IPR/PGR Standard Time Timeline



Fintiv Factors Under the Squires Administration

Navigating parallel litigation hurdles under the stricter post-2025 enforcement of Apple v. Fintiv criteria, including new standards for Sotera stipulations and the tightening of the 'compelling merits' safety valve

FINTIV FRAMEWORK

Apple v. Fintiv: The Six-Factor Holistic Test

F1 **Court Stays**

Potential for, or existence of, a stay in the parallel district court litigation

F2 **Trial Proximity**

Closeness of the trial date to the PTAB's final written decision deadline

F3 **Parallel Proceeding Investment**

Resources already invested by the court and parties in the parallel proceeding

F4 **Issue Overlap**

The degree to which the invalidity issues overlap between the two proceedings

F5 **Parties' Identity**

Whether the parties in both forums are the same or substantially the same

F6 **Other Circumstances**

General equity considerations, including the strength of the petition's merits as a safety valve

Post-2025 Enforcement: Stricter Fintiv Application

Under Acting Director Stewart and Director Squires, the Fintiv framework shifted from the more lenient Vidal-era approach toward more frequent discretionary denials in parallel litigation contexts.

Vidal Era (2022–2025)

- Director guidance prohibited denial solely on early trial date (Factor 2)
- Compelling merits (Factor 6) could readily overcome Fintiv concerns
- Sotera stipulation under Factor 4 (overlap) strongly favored institution
- Lower overall denial rates in parallel litigation contexts

Squires Era (Post-Sept. 2025)

- Holistic balancing restored — trial proximity (Factor 2) is once again a meaningful factor
- Compelling merits threshold under Factor 6 significantly raised
- Sotera stipulations scrutinized for breadth and sincerity; court stays (Factor 1) weighed independently
- Higher denial rates; settled expectations layered on top of Fintiv analysis

Factors 1 & 2: Court Stays and Trial Proximity

Factor F1: Court Stays

- Examines whether a stay of the parallel district court litigation is likely, pending, or already in place
- An existing stay strongly favors institution — the efficiency concern of duplicative proceedings is neutralized
- Where no stay exists and one is unlikely, Factor 1 weighs toward denial — the parallel court proceeding will continue regardless
- Under Squires, petitioners should seek a stay in district court early and present that motion to the Director as evidence under Factor 1

Factor F2: Trial Proximity

- Measures how close the district court trial date is to the PTAB's statutory final written decision deadline
- Under Squires, a trial scheduled to occur before or near the FWD deadline creates strong presumptive concern
- Even a trial date set before the PTAB deadline — without a stay — signals duplicative resolution of the same issues
- Strategic timing of petition filing is critical: filing late in the parallel litigation window compounds Factor 2 concerns significantly

Factors 3 & 4: Parallel Investment and Issue Overlap

Factor F3: Parallel Proceeding Investment

- Measures resources already invested by the court and parties in the parallel proceeding — claim construction orders, expert disclosures, Markman hearings
- Late petitions filed after substantial litigation investment receive little sympathy under Squires
- Both the court's and the parties' investment counts — a fully briefed Markman record weighs heavily toward denial
- PacifiCorp v. Birchtech: Director considered investment concerns in parallel proceedings when evaluating whether to institute multiple petitions

Factor F4: Issue Overlap

- Evaluates the degree to which invalidity grounds overlap between the PTAB petition and the district court proceeding
- If the same prior art references and combinations appear in both forums, Factor 4 weighs strongly toward denial
- Strategic use of non-overlapping prior art in the petition can neutralize this factor
- Sun Pharm. v. Nivagen (Informative): inconsistent claim construction positions between PTAB and district court contributed to discretionary denial

Factor 4: Overlap & the Role of Sotera Stipulations

Old Standard (Pre-2025)

- Broad Sotera stipulation often highly persuasive in overcoming Fintiv concerns
- Accepted as categorical showing under Factor 4
- Could outweigh unfavorable Factors 2 & 3

New Standard (Post-2025 Squires)

- Stipulation must be specific and unambiguous in scope — boilerplate inadequate
- Director examines whether it truly eliminates overlap or merely shifts the same arguments across forums
- Even with a valid Sotera stipulation, holistic balancing means other factors can still tip toward denial

Drafting Best Practices

- Cover all grounds raised or reasonably could have been raised
- Match stipulation language to actual district court claims/counterclaims
- File stipulation early — do not wait until institution decision is imminent

Factor 5: Parties' Identity

Factor 5 asks whether the parties in the PTAB and district court proceedings are the same.

Factor 6: Other Circumstances — The Additional Circumstances Safety Valve

Factor 6 is a catch-all for general equity considerations, including the strength of the petition's merits. This is the primary 'safety valve' that can override unfavorable Fintiv findings — but the Squires administration has significantly raised the threshold. As discussed later on, the additional factors delineated in the March 26, 2025 Memorandum and the March 11, 2026 Memorandum are considered under this framework.

Fintiv Holistic Balancing: Worked Examples

DENIAL

SCENARIO: No court stay · Parallel trial in 8 months · Same petitioner · Significant claim construction briefing complete · Sotera boilerplate · Merits = strong (not compelling)

RESULT: Factors 1, 2, 3, 4, 5 all against institution; Factor 6 (merits) does not override → Denied

INSTITUTION

SCENARIO: Stay granted · Parallel trial 18+ months out · Different petitioner · Different prior art grounds · Specific Sotera stipulation · Merits = compelling (unevaluated reference, all independent claims)

RESULT: Factors 1, 2, 4, 5 neutral or favorable; Factor 6 (merits) compelling → Instituted

CLOSE CALL

SCENARIO: Parallel trial in 10 months · Same petitioner · Partial overlap in prior art · Broad-ish Sotera stipulation · Merits = solid but not overwhelming

RESULT: Balanced record — outcome depends on strength of settled expectations argument and whether patent has been in force 6+ years

INFORMATIVE CASE STUDY

Tesla v. Intellectual Ventures (Squires — Informative)

Complex multi-patent litigation: Fintiv analysis must account for scope and diversity of parallel proceedings

- Director Squires declined to exercise discretionary denial — referred Tesla's IPR petitions to the Board for merits consideration
- Key rationale: The parallel district court litigation was exceptionally complex and diverse, involving many patents across multiple families and subject matters
- Director found the PTAB is better suited than the district court to review a broad set of patents — breadth and diversity weigh against Fintiv denial
- Practical lesson: When a parallel proceeding involves extensive multi-patent, multi-technology subject matter, petitioners can argue the PTAB's specialized expertise is an efficiency argument in favor of institution
- This case also demonstrates that the 'appropriate use of Office resources' standard can cut both ways — complex cases may be better handled by the specialized tribunal

Drafting Tip: Frame complex parallel litigations as arguments for PTAB institutional competence, not against it.

Key Takeaways

1. File early — every month of delay in parallel litigation magnifies Factors 1 and 2. File petitions before substantial Markman briefing or claim construction orders are entered.

2. Sotera stipulations must be specific — boilerplate language no longer provides the categorical protection it did under the Vidal era. Tailor the stipulation to match the actual overlap.

3. Use diverse prior art — avoid relying on the same primary references that appear in district court invalidity contentions. Parallel-specific art neutralizes Factor 4 (issue overlap).

March 2025 Stewart & March 2026 Squires Memos Factors

Stewart Memo: The Expanded Discretionary Factors

The March 2025 Stewart Memo expanded the discretionary factors the Board weighs as part of its integrated institution decision. The Director evaluates whether institution is 'an appropriate use of agency resources' by reference to these additional considerations, on top of the existing NHK-Fintiv framework:

A

Prior Adjudications

Whether challenged claims have already been adjudicated valid or invalid in another forum (ITC, district court, or prior PTAB proceeding)

B

Changes in Law or Judicial Precedent

Whether a significant change in governing law renders earlier examination or litigation conclusions unreliable or outdated

C

Strength of Unpatentability Challenge

Whether there are strong or compelling merits

D

Expert Testimony Reliance

Whether the petition rests substantially on expert declarations rather than direct prior art teachings — signal of weakness

E

Settled Expectations

Whether there is reasonable reliance on a patent's continued validity

F

Compelling Economic, Public Health, or National Security Interests

Whether the challenged patent implicates broad societal interests

Prior Adjudications: Leveraging Prior Findings of Fact

September 16, 2025 Memorandum: 'PTAB Consideration of Prior Findings of Fact and Conclusions of Law' — the Board must give weight to prior adjudications of the challenged patent in other forums.

Prior Proceeding Forum	Direction	Key Principle
ITC Initial Determination	Denial Favored	Sinclair Pharma v. HydraFacial — ITC found claims not invalid over same art; Director stayed and initiated de-institution review
Competitor IPR Denial (Merits)	Denial Favored	Prior IPR denied on merits after a final written decision over same/similar grounds — serial challenge concerns arise
District Court Invalidity Rejection	Denial Favored	Summary judgment of no invalidity or jury verdict of validity weighs strongly against instituting IPR
Examiner Rejection Overcome	Denial Favored	Prior examination of same art during prosecution reduces case for PTAB review
Prior PTAB — PGR Denied	Denial Disfavored	LifeVac v. DCSTAR — "[P]etitions for inter partes review will generally not be discretionarily denied because of an earlier petition for post-grant review when the post-grant review was not instituted."

Changes in Judicial Precedent as a Discretionary Factor

- The Stewart Memo expressly recognizes that significant changes in governing legal standards can justify PTAB review even for patents that have survived prior examination or litigation
- Where a Federal Circuit decision fundamentally alters the applicable standard (e.g., obviousness, claim construction, § 101 eligibility), the prior adjudication loses much of its weight
- Top Glory Trading Group v. Cole Haan (Informative): Agreed with Petitioner's argument that Federal Circuit's decision in LKQ Corp. v. GM Global Tech. Operations LLC "fundamentally changed the obviousness standard for design patents," which outweighed any settled expectations the patent owner might have

Petitioner Strategy: Cite specific post-issuance Federal Circuit decisions that bear directly on the patentability of the challenged claims. Mere general doctrinal shifts will not overcome the precedent-change factor.

Strength of Unpatentability Challenge

- **Core Rule:** The strength of the petition's unpatentability showing is a central consideration in discretionary denial. A particularly strong or "compelling" merits argument favor institution, while a weak or close case reinforces denial.
- **Favors Institution:** Outcome-determinative prior art mapping across key or all challenged claims; limited factual disputes;
- **Weak Merits:** Heavy reliance on inferences, hindsight or disputed combinations; significant gaps in claim mapping or motivation to combine;

EXPERT TESTIMONY FACTOR

Expert Testimony Reliance: A Signal of Petition Weakness

Under the Stewart Memo framework, heavy reliance on expert declarations — rather than direct prior art teachings — is treated as a marker of a weak petition and weighs toward discretionary denial.

High Expert Reliance (Disfavored)

- Petition interprets prior art primarily through expert's lens rather than document's own teachings
- Expert declaration fills gaps that the reference does not itself disclose
- Motivation to combine rests on expert opinion unsupported by documentary evidence
- Zhuhai Cosmix: Board itself introduced extra-record evidence (Hutin definitions) — vacated by Director as impermissible inquisitorial approach

Appropriate Expert Use (Favored)

- Expert provides context for technical terms within the level of skill in the art
- Declaration corroborates what the reference itself teaches — does not substitute for the reference
- Expert's role is to explain, not to supply, the claim elements
- Motivation-to-combine supported by documentary evidence from the references themselves

Settled Expectations

- **Core Rule:** A petitioner that sat on its invalidity challenge while the patent aged may face discretionary denial — the patent owner's reasonable reliance on the patent's continued validity can outweigh the benefit of PTAB review.
- We will explore this more later on.

Compelling Interests

- **Core Rule:** Where a challenged patent implicates broad societal interests —the Director may decline to deny institution even where other factors favor denial.
- **Key Case Context:** March 11, 2026 Squires Memo adds U.S. manufacturing footprint and small-business status as related discretionary factors — the closest operationalization of the 'economic interests' and 'national security interests' prongs to date.

Patent Owner Response: Maximizing Stewart Memo Arguments

Lead with Prior Adjudications

If the challenged claims have been litigated and upheld — ITC, district court, or prior PTAB — front-load this in the discretionary denial brief. Sinclair Pharma demonstrates this can result in sua sponte de-institution.

Document Commercial History

Gather evidence of licensing agreements, product revenue attributable to patented features, and market penetration. Combine with patent age for a powerful settled expectations argument.

Attack Expert Reliance

Analyze whether the petition's key prior art combinations rest on expert declaration rather than reference teachings. Quantify how many claim elements are supplied only by the expert.

Settled Expectations

Document the petitioner's early and specific awareness of the patent and combine that with evidence that the patent has been actively enforced or commercialized in the petitioner's own technology space

Additional Factor: RPI Disclosure and Time-Bar Compliance

- Yangtze Memory Technologies v. Micron Tech. (Squires — Informative): Director vacated institution and denied the petition based on YMTC's failure to properly identify all real parties in interest.
- Realtek Semiconductor v. ParkerVision (Squires — Precedential): Petitions filed by time-barred parties under § 315(b) should proceed only in exceptional circumstances. Realtek failed to show exceptional circumstances and petition was denied.
- Curium US LLC v. Universität Heidelberg (Squires — Informative): Petitioner's amendment of RPI disclosures resulted in the petition being accorded a new filing date — resetting the § 315(b) clock and expunging all prior briefing.
- Practical Warning: Incomplete or inaccurate RPI disclosures create the risk of both immediate denial and potential post-institution vacatur on Director Review — even after trial has begun.
- Best Practice: Conduct comprehensive RPI analysis pre-filing. Identify all entities with a financial interest in the outcome, including litigation funders, corporate parents, and entities under common control.

Key Case: Curium — according the new filing date triggers complete re-briefing, potentially resetting deadlines in favor of the petitioner.

Additional Factor: Multiple Petition Doctrine (Avoiding Roadmapping Denial)

The PTAB Trial Practice Guide: 'One petition should be sufficient to challenge the claims of a patent in most situations.' Filing multiple petitions against the same patent is disfavored and requires strong justification.

Alliance Laundry v. PayRange:

Third petition against same patent using same primary reference → denied based in part on roadmapping grounds; prior merits denials compound the concern

PacifiCorp v. Birchtech:

Two petitions against same patent based on alternative priority dates → vacated; Board should decide priority date issue first, institute at most first-ranked petition

Padagis v. Neurelis (Exception):

Multiple petitions allowed where petitioner discovered apparent material prosecution error that affected all three patents in the same family

Additional Factor: Claim Construction (Consistency Between PTAB and District Court)

- Sun Pharm. v. Nivagen (Informative): The petitioner took inconsistent claim construction positions in the PTAB proceeding and the parallel district court litigation — found this failure to sufficiently justify the broader constructions in the petition weighed toward discretionary denial
- Revvo Technologies v. Cerebrum Sensor Tech. (Nov. 2025): Director vacated institution and denied the petition based on claim construction concerns — a pattern showing the Director is willing to reverse the Board when the adopted construction appears incorrect
- Revvo Technologies v. Tire Stickers (Feb. 2026): Another claim construction issue warranted vacating and denying institution
- The Generac Power Systems decisions (Feb. 2026): Multiple institution decisions vacated across related IPRs due to claim construction issues — coordinated filing strategies across related petitions compound construction inconsistency risks
- **Best Practice:** Ensure claim construction positions in the PTAB petition are fully consistent with positions taken in all parallel litigations, licensing negotiations, and prior litigation

Squires Memo: Discretionary Denial & U.S. Manufacturing Interests

The March 2026 Squires Memo brings a new focus to U.S. Manufacturing Interests.
Squires reframes discretionary institution as a public-interest inquiry tied to U.S. manufacturing, economic integrity, and who benefits from AIA reviews.

A

Efficiency and Economic Impact on the Office
AIA institution decisions must consider economic impact, patent-system integrity, and efficient use of USPTO resources

B

Domestic Industry Considerations

Director expresses concern that IPRs/PGRs may disproportionately benefit large, offshore manufacturers, not domestic industry

C

Factors
Director will weigh:

- U.S. manufacturing or domestic investment tied to accused products
- Patent owner's competing U.S.-based manufacturing or licensing activity
- Whether petitioner is a small business sued for infringement

D

Focus on Facts

Parties are encouraged to develop factual records on manufacturing location, supply chains, and business status

Magnolia: Appropriate Use of PTAB Resources

In *Magnolia Med. Techs., Inc. v. Kurin, Inc.,* No. IPR2026-00097, Paper 17 (PTAB May 14, 2026) (precedential) ("*Magnolia*"), Director Squires presents in a precedential decision an overview of his holistic approach to discretionary denials of PTAB proceedings.

1

Congressional Purpose of AIA Reviews

AIA reviews were designed to be ***quick, cost-effective alternatives to litigation***, **not** ***parallel*** or ***duplicative*** proceedings.

Congress expressly ***warned against harassment, repeated attacks, and market-blocking tactics*** that frustrate innovation and divert R&D resources.

Magnolia **principle:** Institution should be denied where review would undermine Congress's intended role for AIA proceedings.

2

Parallel Litigation Misuses

Is AIA being used as a **true alternative** to litigation, or **merely as leverage**

Red flags:

- Overlapping prior art or arguments across forum;
- Use of system art in litigation;
- Lack of meaningful narrowing of disputes;
- Low likelihood of district court stay

Magnolia **principle:** When AIA review expands—rather than narrows—validity disputes, institution is disfavored.

3

Harassment and Abuse Indicators

Red flags:

- Multiple petitions challenging the same patent without sound justification
- Re-litigation after failed challenges in court, ITC, or the Office
- Inconsistent positions between PTAB and district court without adequate explanation

Magnolia **principle**: Such conduct weighs heavily against institution as an improper use of Office resources.

4

Market Power and Equity Considerations

Empirical data shows that AIA reviews are ***dominated by high-volume, market-dominant petitioners***, **not** ***small or U.S.-based manufacturers.***

The Director considers whether AIA review:

- Confers a tactical advantage on dominant or foreign-affiliated entities
- Undermines domestic manufacturing or innovation incentives

Magnolia **principle**: Equity and systemic balance are relevant to discretionary institution.

Magnolia: Appropriate Use of PTAB Resources (cont.)

5

Foreign Sovereign and RPI Constraints

- Petitioners (or RPIs) that are foreign sovereigns are treated like the U.S. government and may not file AIA petitions.
- RPI identification is not merely procedural—it goes to fairness, jurisdiction, and public accountability.

***Magnolia* principle:** RPI and sovereign status are threshold considerations tied to public interest.

6

Public Interest Orientation of AIA Reviews

AIA reviews are **regulatory**, not adjudicatory.
The Office institutes review to **reconsider its own grant**, not to resolve private infringement disputes.

Relevant statutory considerations include:

- Efficient administration of the Office
- Ability to timely complete reviews
- Integrity and predictability of the patent system

***Magnolia* principle:** Private litigant interests are subordinate to systemic and public-interest concerns.

7

Director's Broad, Unreviewable Discretion

Even when statutory institution thresholds are met, institution is never compelled.

Discretion exists to ensure:

- Fairness; Efficiency; Predictability; Proper allocation of limited agency resources

***Magnolia* principle**: Discretion is central—not exceptional—to AIA institution decisions.

8

Illustrative Factors from Designated Decisions

Magnolia expressly endorses reliance on precedential and informative guidance, including:

- **Examiner error** (can overcome denial factors)
- **Inconsistent claim constructions** across forums
- **Foreign sovereign involvement**
- **Settled expectations** (of patent owners or petitioners)

***Magnolia* principle**: These factors operationalize the public-interest inquiry.

***Key Takeaway:** Institution turns on whether review serves the public interest and represents an appropriate use of PTAB resources—not merely whether the petition satisfies statutory thresholds.*

Key Takeaways

1. Prior adjudications carry decisive weight — if the challenged claims have been upheld at the ITC, in district court, or in a prior PTAB proceeding, both petitioners and patent owners must address this directly.

2. Expert testimony reliance is a red flag — petitions that bridge prior art gaps primarily through declarations rather than reference teachings invite scrutiny and potentially denial under the Stewart Memo.

3. RPI errors are independently fatal — incomplete RPI disclosure can result in vacatur even post-institution. Conduct comprehensive RPI analysis before filing.

4. Multiple petitions require exceptional justification — the TPG and Squires decisions create a strong presumption that one petition should be sufficient. Second petitions must show rare necessity.

The 'Settled Expectations' Doctrine

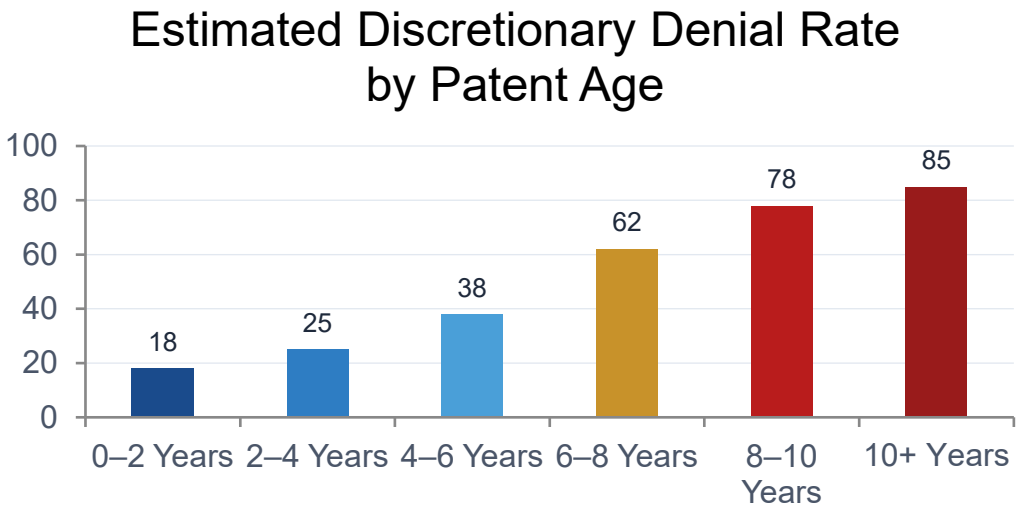
Patent longevity, market reliance, and the six-year statistical threshold — formulating arguments around the settled expectations discretionary factor

Origins of the Settled Expectations Doctrine at the PTAB

- The settled expectations doctrine derives from the foundational principle that patents function as property rights — once a patent has been in force for substantial time and the market has built reliance around it, the cost of disruption weighs against PTAB review
- Acting Director Stewart applied the doctrine explicitly in early 2025 informative decisions, leading to the landmark Amgen v. Bristol-Myers Squibb informative designation: patents in force 6–7 years carry 'strong settled expectations' supporting discretionary denial
- Dabico Airport Solutions v. AXA Power (Squires — Informative): patent in force nearly 8 years; Director denied institution finding that 'actual notice of a patent or of possible infringement is not necessary to create settled expectations'
- In Re Kahoot! AS (Fed. Cir. Feb. 25, 2026): Federal Circuit declined to grant mandamus to vacate a settled-expectations-based denial — ultra vires challenge to the doctrine unavailable; institution decisions are non-reviewable
- The doctrine is now confirmed as within the Director's unreviewable discretion — petitioners cannot challenge the settled expectations factor on APA or constitutional grounds after Kahoot! and Apple v. Squires

The Six-Year Statistical Inflection Point

Analysis of Squires-era decisions reveals a statistically significant divergence in denial rates at the six-year mark — patents in force six or more years are dramatically more likely to face discretionary denial.



⚠ Six-Year Inflection

At 6+ years in force, denial rates jump substantially — the settled expectations doctrine shifts from a factor to a presumption.

Key Informative Cases:

- Amgen v. BMS: 6 & 7 year patents → denied
- Dabico Airport: ~8 years → denied
- Home Depot: 12+ years → allowed (exception)
- Multi-Color v. B&W: timely-filed PGR → institution favored
- Padagis v. Neurelis: recently-issued → no denial

LEADING CASE

Amgen v. Bristol-Myers Squibb: The Settled Expectations Benchmark

Informative Decision — the benchmark case establishing age creates 'strong settled expectations'

Three Petitions, Three Outcomes — Patent Age as Significant Factor:

DENIED	IPR2025-00601 (6 years): Strong settled expectations; 6 years sufficient; merits did not overcome
DENIED	IPR2025-00602 (7 years): Even stronger settled expectations at 7 years; holistic balance favored denial
REFERRED TO BOARD	IPR2025-00603 (3 years): ~3 years in force; settled expectations did not independently support denial

EXCEPTION TO SETTLED EXPECTATIONS

Home Depot v. H2 Intellect: Rebutting Settled Expectations

12+ YEAR PATENT — Institution ALLOWED. This case shows how petitioners can overcome the settled expectations presumption.

- Facts: Challenged patent had been in force for over 12 years — far above the six-year inflection point — and a parallel district court trial was likely to overlap
- Director acknowledged all factors pointing toward denial: patent age (12+ years), trial date proximity, and strong 'settled expectations' from being in force
- Exception: Home Depot successfully argued the patent had not been commercialized in Home Depot's technology space — the patent owner had not developed or licensed products practicing the patent in the relevant market
- Director found that Home Depot's arguments about the patent's lack of commercialization and non-assertion in petitioner's technology space weighed against denial — settling of expectations is linked to actual marketplace reliance, not just legal longevity
- Critical Lesson for Petitioners: Evidence of non-commercialization, non-licensing, and non-assertion in the petitioner's specific market can rebut even a very old patent's settled expectations argument

Drafting Tip: Include a section in every petition assessing the patent's commercialization history and market presence. Even if the patent is old, evidence of non-assertion in your specific technology area provides a meaningful rebuttal.

NON-ASSERTION EXCEPTION

Apple v. Ferid Allani: Reasonable Expectation of Non-Enforcement

- Declined discretionary denial and referred Apple's IPR petitions to the Board — despite the patent's long-in-force status
- Key circumstance: Patent owner had not asserted the patent against Apple for over a decade, and only asserted it after the patent had expired — creating Apple's reasonable expectation of non-enforcement
- Director found that Apple's reasonable expectation that it did not need a license — because the patent had never been enforced against Apple during its entire term — weighed against denial
- The doctrine of settled expectations applies to the patent owner's reliance interest but may also include those of the Petitioner. Where the petitioner had a legitimate, longstanding expectation of non-enforcement, the scale tips toward institution
- This creates a mirror-image exception to the standard settled expectations analysis — petitioner's own reliance history becomes relevant
- Practical Application: Document the history of non-assertion. If the patent owner has had opportunities to assert the patent against your client and chose not to, this evidence can rebut settled expectations

PGR Exception: Early-Life Patents Disfavor Settled Expectations

Multi-Color Corp. v. Brook & Whittle (Precedential): PGRs 'occur before expectations in the patent rights are strongly settled.'

PGR (Post-Grant Review)

- Filed within 9 months of grant — by definition, early-life patent
- Settled expectations have not yet crystallized at the time of filing
- Director's policy: Timely filed PGRs generally should not be discretionarily denied based on parallel litigation alone
- Multi-Color: arguments against denial outweighed those in favor; petition referred to Board

IPR (Inter Partes Review)

- Can be filed at any time beyond the PGR window (up to § 315(b) time bar)
- Settled expectations analysis fully applies as patent ages
- Six-year inflection point creates strong significant weight against institution
- Amgen, Dabico, Alliance Laundry all demonstrate heightened scrutiny

Formulating Settled Expectations Arguments: Patent Owner Guide

01

Establish Age & Duration:

Document the exact date of grant and calculate years in force as of petition filing. Emphasize any time spent in reexamination or continuation prosecution that extended practical market uncertainty.

02

Demonstrate Market Reliance:

Provide evidence of products embodying the claims, industry licensing, revenue streams tied to patent rights, and investments made in reliance on patent validity.

03

Catalog Prior Enforcement:

Summarize all prior litigation, ITC proceedings, licensing negotiations, and cease-and-desist activity that put the market on notice of the patent and its enforcement.

04

Address Non-Notice Proactively:

Per Dabico, actual prior notice by the petitioner is not required. Argue that constructive notice through registration is sufficient. Preempt the petitioner's non-assertion exception by distinguishing Apple v. Allani.

05

Tie to 'Office Resources' Standard:

Frame the argument in terms of USPTO resource allocation — review after 6+ years of market integration disrupts settled commercial expectations without proportionate benefit, given the petitioner's alternative remedies in district court.

PETITIONER STRATEGY

Rebutting Settled Expectations: Petitioner's Toolkit

NC

Non-Commercialization

Home Depot model: Demonstrate the patent has not been commercialized or practiced in products relevant to petitioner's technology field

NA

Non-Assertion History

Apple v. Allani model: Document the patent's full enforcement history — if petitioner has never been threatened, this constitutes reasonable expectation of non-enforcement

LC

Legal Change

Top Glory / LKQ: If a significant post-issuance change in applicable law would alter the validity analysis, argue this disrupts settled expectations

PE

Prosecution Error

Padagis model: Evidence of material error that is material and well-supported in examination — e.g., incorrect priority date assumption — can justify institution even for patents with established market presence

PF

Portfolio Context

Tesla model: Where the challenged patent is one of many in complex litigation, argue that the PTAB's specialized review capacity benefits the system as a whole

YP

Young Patent

For patents under 4 years in force, settled expectations have not crystallized — rely on Multi-Color and Padagis to rebut the doctrine's application

CASE LAW CONFIRMATION

In Re Kahoot!: Court Confirms Mandamus Unavailable to Challenge Settled Expectations

Fed. Cir. Feb. 25, 2026 (Per Curiam) — Mandamus petition to vacate settled-expectations-based denial DENIED. Ultra vires challenges unavailable.

- The Director denied Kahoot!'s IPR petition in part because the challenged patent had been in force for six years, creating ‘strong settled expectations’ for the patent owner
- Kahoot! argued the Director exceeded statutory authority by relying on settled expectations — the Federal Circuit held this ‘ultra vires argument cannot be a basis for granting mandamus’ (citing Mylan Lab'ys v. Janssen)
- The standard for mandamus is demanding: Kahoot! failed to show a ‘clear and indisputable right’ to institution
- In the absence of colorable constitutional claims, mandamus is ordinarily unavailable for review of institution decisions
- The court distinguished this from cases involving § 314(d)'s prohibition — the bar extends to challenges that 'focus directly and expressly on institution standards,' which the ultra vires theory does
- Practical Impact: Patent owners relying on settled expectations can do so with confidence that challenges are practically foreclosed

LEGAL CHANGE EXCEPTION

When Legal Change Can Overcome Settled Expectations

Top Glory Trading v. Cole Haan (Informative): Specific, targeted legal developments may create a valid basis for review of long-in-force patents.

May NOT Override	Mere re-weighting of obviousness factors that would have been available to a prior art searcher does not constitute a new legal development that undermines prior examination
May Override	A Federal Circuit decision that directly holds a specific legal test used during prosecution was incorrect (e.g., wrong claim construction standard applied) creates a stronger case
May Override	Where a post-issuance case expressly invalidates a prior art classification or carves out prior art categories that were improperly considered, this can support institution of an older patent
Strategic Use	Petitioners invoking the legal change exception must show: (1) the specific change, (2) its direct applicability to the challenged claims, and (3) why it undermines prior examination or litigation conclusions

Key Takeaways

1. Six years is the inflection point — at six or more years in force, settled expectations typically carries significant weight in the discretionary analysis and can independently support denial. Structure petition timing and filing strategy accordingly.

2. Non-commercialization and non-assertion are the most effective rebuttals — Home Depot and Apple v. Allani demonstrate that petitioners' own reliance history and the patent's commercial footprint can overcome the doctrine.

3. Settled expectations are unreviewable on mandamus — after Kahoot! and Apple v. Squires, mandamus is unavailable for ultra vires and statutory challenges, and § 314(d) bars direct appeal of institution decisions absent a colorable constitutional claim. Advocate on the merits, not on jurisdictional grounds.

Conclusion & Strategic Takeaways

A consolidated practitioner's checklist, key case reference table, and practice tips for navigating the Squires-era PTAB landscape

Petitioner's Pre-Filing Checklist: Squires Era

TIMING	☑ File before 6 years in force if possible; if beyond, prepare Home Depot rebuttal ☑ File before significant Markman briefing in parallel district court litigation
PRIOR ART	☑ Minimize expert reliance — prior art should be self-explaining on claim elements ☑ Include express motivation-to-combine with documentary corroboration from the references themselves
MERITS	☑ Assess whether merits are truly 'compelling' — not just strong; cover all independent claims ☑ Include prosecution history analysis showing examiner did not consider the key reference combinations
PARALLEL LIT.	☑ Draft Sotera stipulation specifically — not boilerplate; match district court invalidity contentions ☑ Select prior art grounds with minimal overlap to district court art; unique art neutralizes Factor 4 (issue overlap)
RPI / PROCEDURE	☑ Conduct comprehensive RPI analysis; identify all entities with financial interest in outcome ☑ Verify § 315(b) time-bar compliance; assess whether any related parties are time-barred
SETTLED EXP.	☑ Research patent's commercialization history; is it practiced in your client's technology space? ☑ Document any history of non-assertion against your client or similarly-situated companies

CASE REFERENCE

Key Case Quick Reference: Squires-Era PTAB Landscape

Case	Forum	Topic	Holding / Impact
Apple v. Squires (Feb. 2026)	Fed. Cir.	NHK-Fintiv validity	Director's discretionary denial instructions are general policy, not subject to APA rulemaking
In Re Volkswagen (Mar. 2026)	Fed. Cir.	Nondelegation	Nondelegation challenge to Director's unreviewable institution discretion unavailable;
In Re Kahoot! (Feb. 2026)	Fed. Cir.	Settled expectations	Mandamus denied; ultra vires challenge to settled expectations doctrine unavailable
Amgen v. BMS (Inf.)	PTAB	Patent age	6–7 year patents denied; 3-year patent referred to Board; age is a significant holistic factor but there is no bright-line rule
Home Depot v. H2 (Inf.)	PTAB	Non-commercialization	12+ year patent allowed where petitioner showed no commercialization in its tech space
Apple v. Allani (Inf.)	PTAB	Non-assertion	Long-in-force but non-asserted patent allowed; petitioner's reliance expectation credited
Dabico Airport v. AXA (Inf.)	PTAB	~8-year patent	Denied; actual prior notice of patent by petitioner not required for settled expectations to arise
Multi-Color v. B&W (Prec.)	PTAB	PGR timing	Early-life patents have not yet created settled expectations within 9-month statutory window
Realtek v. ParkerVision (Prec.)	PTAB	Time-bar § 315(b)	Time-barred petitions require exceptional circumstances; denied
PacifiCorp v. Birchtech (Prec.)	PTAB	Multiple petitions	Parallel petitions against same patent vacated; Board to institute at most first-ranked petition

The New PTAB Landscape:

A Practitioner's Imperative

The centralized Squires review process is settled, constitutional, and non-reviewable. Advocate on the merits of the specific factors — not on structural challenges.

Fintiv is back with teeth. File early, use unique prior art, draft specific Sotera stipulations, and reserve compelling merits arguments for cases that truly qualify.

Settled expectations is the most potent new tool. Patent age above six years weighs significantly in favor of denial absent non-commercialization or non-assertion evidence.

Prepare for speed. Squires issues batch decisions weekly — petitioners and patent owners must be ready to respond rapidly with comprehensive discretionary briefing.

Institution Overhaul

Fintiv Factors

Stewart & Squires Memos

Settled Expectations

Questions

Connect with Our Presenter