

IP & Technology Litigation Update

October 2025

Litigation Strategy in Flux: Adapting to the PTO's New Discretionary Denial Regime

Key Notes:

- Beginning October 20, 2025, the USPTO Director will no longer delegate his authority to institute *inter partes* reviews to members of the Patent Trial and Appeal Board. Institution Decisions will be made by the Director himself, in consultation with at least three PTAB judges. The Director has reserved the right to delegate matters with complex legal or factual issues to a panel of PTAB members.
- Explanatory Institution Decisions will no longer be issued in every proceeding. The Director will instead issue a summary notice of institution or denial of IPR to the parties. More comprehensive Institution Decisions may be issued in proceedings involving novel legal or factual issues.
- These changes affect both *inter partes* reviews under 35 U.S.C. § 311 *et seq.* and post-grant reviews under 35 U.S.C. § 321 *et seq.*
- The Director cited several reasons for these changes, including eliminating the appearance of self-interest and bias by the PTAB and enhancing transparency and public trust.

Overview

On October 17, USPTO Director John A. Squires [published an open letter](#) to the public accompanied by a Memorandum addressed to all judges of the Patent Trial and Appeal Board (PTAB). The Memorandum announced new procedures governing the institution of *inter partes* reviews (IPRs) before the PTAB. The changes supersede longstanding USPTO practice as well as interim procedures introduced earlier this year.

Recent Institution Procedure

Since 2012, the Director has delegated his authority to institute IPRs to panels of administrative law judges at the PTAB. Under that procedure, the panel examined the merits of the parties' positions and any other discretionary or non-discretionary factors relevant to whether IPRs should be instituted. Panels would issue Institution Decisions explaining the reasons for institution or denial, and IPRs would proceed or terminate accordingly.

In March 2025, the now-Deputy USPTO Director [issued a memorandum](#) to all PTAB judges outlining "Interim Processes for PTAB Workload Management." Under these procedures, IPR petitions became subject to a bifurcated review. The Deputy Director first evaluated the discretionary considerations and issued a Director Decision deciding whether discretionary denial was appropriate. If denial was not appropriate, the petition was referred to a panel of PTAB judges for an Institution Decision on the merits and other non-discretionary factors. The Deputy Director has issued nearly 600 Director Decisions since the bifurcated review process began.

New Procedures Centralize Decision-making with Director

The Director's October 17 Memorandum establishes a new process that significantly departs from several current IPR practices. First, it rescinds the authority delegated to the Deputy Director in August 2025 to deny IPR petitions as a matter of discretion. Second, it rescinds the authority delegated to the PTAB to institute IPRs on review of the

merits. Third, it eliminates the standard practice of issuing explanatory Institution Decisions, which have long been sources of guidance for practitioners.

Beginning October 20, the Director will determine whether to institute IPRs. The Director will consult with at least three PTAB judges regarding the discretionary considerations, the merits, and any other non-discretionary considerations. IPR trial proceedings should be unaffected if the Director grants institution, as the Memorandum states that the trials will be handled according to the USPTO's Standard Operating Procedure.

While it is unclear whether Director's October 17 Memorandum ends the bifurcated review of IPR petitions, the bifurcated **briefing process** remains intact. The Director stated that the guidance posted on the USPTO's "Interim Director Discretionary Process" webpage remains in effect and that the Director Decisions issued under the Interim Processes will provide substantial guidance on how the Director will handle discretionary considerations.

In an open letter accompanying the Director's October 17 Memorandum, the Director set forth several reasons why the outlined changes are necessary. The Director cited a "concern that the Board may be 'filling its own docket'" and a need to restore "public confidence in the integrity" of the PTAB. The Director also stated that the bifurcated review process "inadvertently produced extraordinarily high institution rates."

As part of these changes, the Director will no longer regularly issue Institution Decisions. If the Director determines that institution is appropriate on at least one ground for one challenged claim, the Director will issue a summary notice to the parties granting institution. Otherwise, the Director will issue a summary notice denying institution.

The Memorandum further provides that, if the Director determines that the proceedings involve detailed treatment of novel or important factual or legal issues, the Director may refer the decision on institution to one or more members of the PTAB. Such issues include complex claim constructions, priority analyses, or determinations of the real party or parties in interest to a proceeding. In such

cases, the Director may issue an Institution Decision that addresses the issue.

IPR proceedings that were referred to the PTAB for consideration on the merits prior to October 20 will not be considered by the Director and will instead be considered by a three-member panel of the PTAB. It is unclear from the Memorandum whether the panel will issue an Institution Decision consistent with past practice or only provide summary notice.

Implications

The Memorandum marks a significant departure from established USPTO policy. Parties should expect to see significantly fewer Institution Decisions. Historically, these decisions have informed the public as to those issues the PTAB considers most important. Without regular Institution Decision guidance from the Director, the briefing process may suffer from increased uncertainty as time progresses. Accordingly, parties should ensure they have a strong grasp on the major trends in the Director Decisions and Institution Decisions issued under the current administration and that they continue to closely monitor informal announcements by the USPTO.

FOR MORE INFORMATION

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