

ESSAY

Toward an Alternative Patent Trial and Appeal Board

*Eric Frank**

ABSTRACT

Congress created the Patent Trial and Appeal Board ("PTAB") to serve as a cheaper and more efficient alternative to district court patent litigation, but it mistakenly relied on district courts' voluntary stays of their own proceedings. In the most popular patent venues, courts routinely refuse to grant such stays, undermining the PTAB's role as an alternative and creating a parallel track of duplicative proceedings. In response, various U.S. Patent and Trademark Office Directors have attempted to mediate this tension through a series of discretionary denial policies that, in practice, often defer to district courts rather than displace them. This Essay argues that none of these approaches has enabled the PTAB to operate as a viable alternative forum for resolving patent validity disputes. Yet the discretionary denial authority itself remains a potent policy lever that, if calibrated correctly, could finally align the PTAB with Congress's original vision.

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INTRODUCTION

The Patent Trial and Appeal Board (“PTAB”) is in the midst of an identity crisis. Created by Congress in 2011 when it passed the America Invents Act (“AIA”)¹—the most recent legislation on patents—and housed in the United States Patent and Trademark Office (“USPTO”), the PTAB hears Inter Partes Reviews (“IPRs”).² An IPR is a post-grant proceeding that mimics a trial-like process permitting petitioners—any person other than the patentee—to file a petition to cancel any issued patent based on the patent’s invalidity.³

This duty, foisted on the USPTO, necessarily engendered external tension with other institutions in the patent system. Just as the PTAB adjudicates the validity of an issued patent, so too does a district court when hearing a patent infringement case.⁴ Often, IPRs are filed by a defendant in a co-pending patent infringement trial; as high as seventy

¹ America Invents Act, Pub. L. No. 112-29, § 7, 125 Stat. 284, 313 (2011) (codified as amended in scattered sections of 35 U.S.C.).

² *Id.*

³ *Id.* § 6, 125 Stat. at 299–300; 35 U.S.C. § 311.

⁴ See 35 U.S.C. § 282(b)(2)–(3).

percent of all IPRs are filed by defendants to parallel district court cases.⁵ These proceedings operate and conclude independently of each other. Thus, in a vacuum, the same patent can be found invalid by the PTAB and not invalid by the district court.⁶ When this happens, the affirmance of the PTAB decision has collateral estoppel effect in the district court and effectively eliminates the case.⁷

For district court judges, such an outcome is regrettable. Duplicative adjudication of the same patent wastes time and judicial resources.⁸ Inconsistent results jeopardize the constitutional balance between the courts and the USPTO.⁹ The most popular patent venues, therefore, aggressively schedule patent trials to wrap up before the PTAB can issue a decision about the patent's validity.¹⁰ If, after any appeals, the district court renders a final judgment before the PTAB renders its own decision affirmed on appeal, the district court case is immune to the collateral estoppel effect.¹¹ This race to the finish places the PTAB in an institutional dilemma. How much respect should the PTAB have for co-pending district court litigation? Should it race with the district courts? Should it defer entirely?

Such questions cut to the core of the PTAB's identity and its role in the patent system. Although Congress designed IPRs as a cheaper "alternative" to district court infringement litigation¹² and to "generally serve as a complete substitute for at least some phase of the litigation,"¹³ the statute neglected to mediate parallel proceedings comprehensively. Absent Congress's intervention, each Director of the USPTO has confronted and answered these questions through patchwork discretionary measures—specifically, the power to conditionally and discretionarily deny institution of IPR proceedings.¹⁴

Discretionary denials have evolved across various administrations into the most powerful and flexible tool to mediate the PTAB's discordance with district courts, and they have historically defined both the

⁵ Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings*, 31 BERKELEY TECH. L.J. 45, 73 (2016).

⁶ See, e.g., *Packet Intel. LLC v. NetScout Sys., Inc.*, 100 F.4th 1378, 1385–86 (Fed. Cir. 2024).

⁷ *XY, LLC v. Trans Ova Genetics, L.C.*, 890 F.3d 1282, 1294 (Fed. Cir. 2018).

⁸ Saurabh Vishnubhakat, *Patent Inconsistency*, 97 IND. L.J. 59, 71 (2022); see *Polaris Powered Techs., LLC v. Samsung Elecs. Am., Inc.*, No. 22-cv-00469, 2024 WL 1149223, at *5 (E.D. Tex. Mar. 15, 2024); *ePlus, Inc. v. Lawson Software, Inc.*, 790 F.3d 1307, 1315 (Fed. Cir. 2015) (Moore, J., dissenting from denial of petition for rehearing en banc).

⁹ See Paul R. Gugliuzza, *(In)valid Patents*, 92 NOTRE DAME L. REV. 271, 276 (2016).

¹⁰ See *infra* Table 1.

¹¹ Cf. *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1341 (Fed. Cir. 2013) (finding a district court infringement case was not immune to the parallel USPTO cancellation of the asserted patent because the district court decision did not yet achieve absolute finality).

¹² H.R. REP. NO. 112-98, pt. 1, at 45 (2011).

¹³ S. REP. NO. 110-259, at 67 (2008).

¹⁴ See *infra* Part II.

relationship between the courts and the PTAB as well as the PTAB's very identity and role in the broader patent litigation system.¹⁵

This Essay, however, argues that empirical data indicates that whatever identity the PTAB has adopted through the invocation of discretionary denials, it has never become a true "alternative" to district court litigation as Congress envisioned. Specifically, discretionary denials have historically caused the PTAB to defer to district courts, even though the reverse relationship—courts deferring to the PTAB—was Congress's ultimate vision.¹⁶

This Essay, therefore, proposes and applies a novel analytical framework for developing a discretionary denial policy that reorients the PTAB toward its original vision as a truly alternative venue for patent dispute resolution. As this Essay shows, judicious use of the discretionary denial power can incentivize relevant patent litigation stakeholders to cooperate with the PTAB consistent with Congress's intent. Specifically, this Essay weighs judges' incentives to issue stays—thereby deferring to the PTAB—alongside parties' interests in predictable metrics governing IPR institution. This Essay then proposes a discretionary denial policy that achieves stability and predictability in the patent system and guides the PTAB to attain an identity and role congruent with Congress's intentions: that of a true alternative to district court litigation.

Part I reviews the basics of the patent system, the PTAB, and its default, statutory relationship with district courts. Part II tracks the developmental history of discretionary denials. Part III proposes an analytical framework for Congress's vision of the PTAB as a substitute and applies it to empirical PTAB and court data to analyze the historical effectiveness of the myriad discretionary denial policies. Part IV proposes the criteria for how new discretionary denial policy should be developed. And Part V proposes a novel discretionary denial policy that balances stakeholder interests while conforming the PTAB to the role that Congress envisioned.

I. BACKGROUND

A. *Patent Basics*

A patent is best described as a legal instrument that defines a particular property right: the right to exclude others from practicing a claimed invention.¹⁷ A patent is valid if it satisfies all the requirements for patentability: The claimed invention must be subject matter eligible,¹⁸

¹⁵ See *infra* Part II.

¹⁶ See *infra* Section III.A.

¹⁷ 35 U.S.C. § 154(a)(1).

¹⁸ *Id.* § 101.

novel,¹⁹ and nonobvious.²⁰ And the patent document itself must contain all information to enable others to practice the invention²¹ and contain a “written description.”²²

An invention is “novel” if the claimed invention has not been described, in its entirety, by a single “prior art” reference.²³ Prior art comprises anything “patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before” the patent’s effective filing date.²⁴ A patent is nonobvious if a “person having ordinary skill in the art” would, when considering a combination of prior art available by the effective filing date of the patent, not find the claimed invention too obvious.²⁵ An invention is generally deemed obvious if a combination of prior art references discloses every limitation of the claimed invention.²⁶ Failing any requirement of patentability renders the patent invalid.²⁷

Congress passed the America Invents Act in 2011 with a key goal of making the process of patent litigation less costly to accused infringers by providing them with an alternative way to challenge issued patents asserted against them.²⁸ To achieve this goal, Congress established the practice of post-grant proceedings.²⁹

B. Post-Grant Proceedings

An IPR proceeding is an adversarial post-grant proceeding initiated by a petitioner seeking to cancel a patent based exclusively on a lack of novelty or a lack of nonobviousness, and “only on the basis of prior art consisting of patents or printed publications.”³⁰ Any person other than the patent owner may file an IPR petition with the PTAB.³¹

Tracing the procedure of an IPR as required by statute is educational. The statute requires that a petition filed with the PTAB specify the patent claims challenged, the grounds for challenging those claims,

¹⁹ *Id.* § 102.

²⁰ *Id.* § 103.

²¹ *See id.* § 112.

²² *Id.*

²³ *Id.* § 102.

²⁴ *Id.*

²⁵ *Id.* § 103.

²⁶ *See KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 417, 427 (2007).

²⁷ *See* 35 U.S.C. § 101.

²⁸ *See* H.R. REP. NO. 112-98, pt. 1, at 40 (2011) (“The [AIA] is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”).

²⁹ *See* 35 U.S.C. § 311 (establishing IPR).

³⁰ *Id.* §§ 102, 103, 311(b).

³¹ *Id.* § 311(a).

and the evidence supporting those grounds.³² The patentee may then file a reply brief.³³

After the briefs are filed, the USPTO must decide whether to institute the IPR and proceed to more formal adjudication before a panel.³⁴ Under 35 U.S.C. § 314, the Director may authorize an IPR only if “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”³⁵ Notably, the decision to institute the IPR or not is “final and nonappealable.”³⁶

If institution of the IPR is granted, the IPR proceeds on the merits, potentially culminating in an oral hearing in which the patent owner defends the patentability of the issued patent before a panel of three Administrative Patent Judges.³⁷ Upon conclusion of the IPR, the panel issues a final written decision,³⁸ which is appealable to the Court of Appeals for the Federal Circuit under a substantial evidence standard.³⁹ If the PTAB concludes that the claims are unpatentable, and the appeal is either waived by the patent holder or the decision is affirmed, the USPTO will issue a certificate canceling the patent.⁴⁰

In a vacuum, the PTAB has all the requisite elements to serve as an alternative forum to dispute whether a patent was wrongfully issued. It permits specialized patent judges to consider evidence and gives both the patentee and the petitioner an opportunity to engage in an adversarial hearing. The problem arises, however, when all those elements are true in another forum at the same time over the same patent claims. This Essay turns now to the district court.

C. District Court Dynamics

Although a patent grants the patent owner the right to exclude others from using or selling anything that infringes on the patent, it is not self-executing; patent owners must initiate a private action against a defendant in federal district court to enforce their right.⁴¹

Just as the PTAB adjudicates the validity of a patent, so too do district courts in infringement actions. The most common affirmative defense in a claim of patent infringement is that the patent being

³² *Id.* § 312(a)(3).

³³ *Id.* § 313.

³⁴ *Id.* § 314.

³⁵ *Id.*

³⁶ *Id.* § 314(d).

³⁷ *Id.* § 6(c); *see* § 316.

³⁸ *Id.* § 318(a).

³⁹ *Id.* § 319; *see* 5 U.S.C. § 706; *Icon Health & Fitness, Inc. v. Strava, Inc.*, 849 F.3d 1034, 1039 (Fed. Cir. 2017).

⁴⁰ 35 U.S.C. § 318.

⁴¹ *See id.* §§ 281, 282.

asserted is in some way invalid because it fails to meet the criteria for patentability.⁴² Unlike in an IPR, the types of invalidity arguments defendants can assert are much broader in district court. Prior art for novelty and nonobviousness arguments can rely not just on patents and printed publications, but also on whether the invention was “in public use, on sale, or otherwise available to the public.”⁴³ Additional requirements for patentability can be challenged, such as ineligibility or lack of enablement,⁴⁴ and such challenges often involve questions of fact only a jury can resolve.⁴⁵

Defendants, however, are under no statutory obligation to sequester their invalidity defense to the district courts in which they are sued. Often, a defendant in an infringement case will subsequently file a parallel IPR petition with the PTAB.⁴⁶ The two proceedings, absent intervention, proceed in parallel.⁴⁷ It is this parallel operation of proceedings on often identical questions of a patent’s validity⁴⁸ that has engendered tensions between the PTAB and district courts.

The Court of Appeals for the Federal Circuit has held that its affirmance of a final written decision by the PTAB finding patent claims invalid has immediate, mandatory, issue-preclusive effect on any co-pending litigation in district court, rendering the patent unenforceable—even if the district court has already issued an order finding the same patent claim *not* invalid.⁴⁹ Conversely, if the district court reaches a final judgment resolving all contentions of a suit, so that all that remains is to collect damages, canceling the patent immediately afterward does not affect the remedy.⁵⁰

Complicating matters is that the PTAB is a disproportionately favorable forum for petitioners compared with district courts; wins are easier, and losses are minimally punished. IPRs have a more relaxed standard of proof for petitioners to argue that a patent is invalid as compared with the district courts. Unlike in district court, where a patent claim is presumed valid and must be proven invalid under a “clear and convincing evidence” standard,⁵¹ a patent claim in an IPR can be

⁴² Gugliuzza, *supra* note 9, at 278–79; see Roger Allan Ford, *Patent Invalidity Versus Noninfringement*, 99 CORNELL L. REV. 71, 78 (2013).

⁴³ 35 U.S.C. § 102; see *id.* § 103.

⁴⁴ See *id.* §§ 101, 112.

⁴⁵ See Paul R. Gugliuzza, *Law, Fact, and Patent Validity*, 106 IOWA L. REV. 607, 627, 637 (2021) (noting that the eligibility and written description requirements involve questions of fact that must be resolved by a jury).

⁴⁶ Vishnubhakat, Rai & Kesan, *supra* note 5, at 73.

⁴⁷ See *id.* at 76.

⁴⁸ See, e.g., *IOENGINE, LLC v. PayPal Holdings, Inc.*, 607 F. Supp. 3d 464, 512–13 (D. Del. 2022), *aff’d sub nom.*, *Ingenico Inc. v. IOENGINE, LLC*, 136 F.4th 1354 (Fed. Cir. 2025).

⁴⁹ *XY, LLC v. Trans Ova Genetics, L.C.*, 890 F.3d 1282, 1294 (Fed. Cir. 2018).

⁵⁰ See *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330, 1341 (Fed. Cir. 2013).

⁵¹ *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 95 (2011).

found invalid under a “preponderance of the evidence” standard.⁵² Of the 446 IPRs that culminated in a final written decision in fiscal year 2024, 312 IPRs resulted in every challenged patent claim being held unpatentable.⁵³ This high invalidation rate led former Federal Circuit Chief Judge Randall Rader to once label the PTAB a “patent death squad[.]”⁵⁴

Even if patent claims survive IPR, the petitioner suffers minimal damage to their defense strategy in the parallel litigation. After the PTAB issues its final written decision, IPR estoppel under 35 U.S.C. § 315(e) activates, precluding petitioners from asserting that “the [patent] claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review”⁵⁵—its purpose seemingly being to ensure that defendant-petitioners cannot raise and sustain identical arguments before the PTAB and the district court, serving as a form of *res judicata*.⁵⁶

In *Ingenico Inc. v. IOENGINE, LLC*,⁵⁷ however, the Federal Circuit narrowed the definition of “ground” in § 315(e) to refer to merely the specific prior art category invoked to invalidate the patent.⁵⁸ A petitioner is thus not estopped from offering patents or printed publications as evidence in district court if those same patents or publications were offered before the PTAB to prove one of the alternative bases of prior art.⁵⁹ A petitioner, therefore, can offer a prior art patent during an IPR as evidence that the invention was previously patented, and then take that same patent, which would raise identical questions of fact and law, to a district court, and assert that the prior art patent is offered to show that the invention “was known or used by others, on sale, or in public use.”⁶⁰ Under *Ingenico*, IPR estoppel does not preclude this act of merely swapping out a statutory label, rendering statutory IPR estoppel

⁵² 35 U.S.C. § 316(e).

⁵³ See PAT. TRIAL & APPEAL BD., U.S. PAT. & TRADEMARK OFF., PTAB TRIAL STATISTICS: FY24 END OF YEAR OUTCOME ROUNDUP 10 (2024), https://www.uspto.gov/sites/default/files/documents/ptab_aia_fy2024__roundup.pdf [<https://perma.cc/5DF6-KCQT>].

⁵⁴ Peter J. Pitts, ‘Patent Death Squads’ vs. Innovation, WALL ST. J. OP.: FREE EXPRESSION (June 10, 2015, at 19:23 ET), <https://www.wsj.com/articles/patent-death-squads-vs-innovation-1433978591> [<https://perma.cc/2ND7-76U3>].

⁵⁵ 35 U.S.C. § 315(e)(2).

⁵⁶ See Tanvi Antoo, Comment, *Undefined “Ground”: Form or Substance in PTO Estoppel*, 90 U. CHI. L. REV. 2173, 2199–20 (2023).

⁵⁷ 136 F.4th 1354 (Fed. Cir. 2025).

⁵⁸ *Id.* at 1365–67.

⁵⁹ *Id.* at 1366–67 (“IPR estoppel does not preclude a petitioner from relying on the same patents and printed publications as evidence in asserting a ground that could not be raised during the IPR, such as that the claimed invention was known or used by others, on sale, or in public use.”).

⁶⁰ *Id.* at 1367.

completely toothless and allowing petitioners a “free bite at the apple.”⁶¹ Thus, by statutory terms alone, the PTAB offers defendant-petitioners both a first strike and a second chance.

The effects of these conditions are drastic; they create a race between the district court and the PTAB, in which the forum that comes to a final decision first generally prevails. Not all courts are willing to participate in this race. Many courts will stay patent suits pending resolution of a parallel IPR.⁶² But patent plaintiffs get the first choice of forum, so they frequently choose forums most likely to run this race—and win.⁶³

TABLE 1. STATISTICS ON KEY PARAMETERS FOR THE TOP FIVE PATENT VENUES BY NUMBER OF FILINGS BETWEEN 2020 AND 2025⁶⁴

Court	Total Cases	Contested Stay Rate (%)	Median time to Trial (in Months)	Contested Venue Transfer Granted (%)
Texas, Eastern District	4259	14.5	21	18.5
Texas, Western District	4161	55.7*	27*	46.5
Delaware District	3621	43.8	31	41.7
Illinois, Northern District	1640	65	81	70
California, Central District	1340	54.3	31	71.4
National	23242	48.3	29	43.2

* See footnote 64 for more information on this data from the Western District of Texas.

⁶¹ Rebecca Gentili, Note, *A Free Bite at the Apple: How Flawed Statutory Drafting Has Undermined the Purpose of the Patent Trial and Appeal Board*, 67 DUKE L.J. 1579, 1604 (2018).

⁶² See Douglas B. Wentzel, *Stays Pending Inter Partes Review: Not in the Eastern District of Texas*, 98 J. PAT. & TRADEMARK OFF. SOC'Y 120, 129 (2016).

⁶³ See *infra* Table 1.

⁶⁴ Data was obtained from Docket Navigator. The contested stay rate refers to every grant of a motion to stay pending resolution of IPRs. The median time to trial is measured from the filing of the case to the earliest document that indicates a trial occurred, excluding cases where there was a stay. The contested venue transfer is the proportion of granted motions to transfer under 28 U.S.C. § 1404(a).

Also note that although the median is high overall for the Western District of Texas (“WDTX”) due to a loophole that permitted plaintiffs to choose the judge to hear their case, the most popular patent judge in WDTX (by filings) has been Judge Albright, with a stay rate of 29.4%. This changed in 2024 when Chief Judge Moses randomized judge assignments. *Judge Albright Still Sees Most of Waco's Patent Cases, but a New Rule Could Change That*, RPX CORP. (July 17, 2024) <https://www.rpxcorp.com/data-byte/judge-albright-still-sees-most-of-wacos-patent-cases-but-a-new-rule-could-change-that/> [https://perma.cc/JBK8-979M].

Table 1 lists the top five patent venues by filings between 2020 and 2025. The key parameters that drive high filings by plaintiffs center on what makes a venue most appealing—venues that deny venue transfer requests, refuse to grant stays pending resolution of IPRs, and aggressively schedule trials early.⁶⁵ It is not surprising, then, that the Eastern District of Texas has become the most popular venue by far for patent plaintiffs.⁶⁶ Patent cases accumulate in the district due to denials of transfer requests, and the lack of stays—in combination with the short time to trial—allows for rapid judgments. In short, the Eastern District of Texas dominates patent enforcement, and thus its practices have substantial influence on the patent system and the PTAB.

II. THE SHIFTING DISCRETIONARY DENIAL POLICIES

Amid this gamesmanship, the PTAB has typically answered courts pressing ahead despite parallel IPRs by invoking discretionary denials. Under 35 U.S.C. § 314(a), “[t]he [USPTO] Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”⁶⁷ The decision to grant or deny institution of an IPR is unreviewable under § 314(d).⁶⁸ Historically, Directors have asserted that this statutory language gives them unreviewable discretion to decide whether to institute IPRs on any given petition; each Director has wielded this authority to varying degrees and with different effects.⁶⁹ This Part traces how each Director of the USPTO has invoked their authority under § 314 to discretionarily deny or grant institution of IPRs.

A. *Development of Discretionary Denials (2017–2021)*

For several years after the passage of the AIA, IPRs were heard regardless of the state of co-pending litigation.⁷⁰ This, however, changed under Director Andrei Iancu during the first Trump Administration.

Under Director Iancu, the PTAB promulgated a series of “precedential” decisions that announced new criteria for institution. In *Apple*

⁶⁵ See Vishnubhakat, *supra* note 8, at 73, 84–85; Elizabeth P. Offen-Brown, *Forum Shopping and Venue Transfer in Patent Cases: Marshall's Response to TS Tech and Genentech*, 25 BERKELEY TECH. L.J. 61, 69 (2010).

⁶⁶ See *supra* Table 1; Offen-Brown, *supra* note 65, at 62–63.

⁶⁷ 35 U.S.C. § 314(a).

⁶⁸ *Id.* § 314(d).

⁶⁹ See *infra* Section II.A.

⁷⁰ See Vishnubhakat, *supra* note 8, at 77.

Inc. v. Fintiv, Inc.,⁷¹ the PTAB announced a set of factors for evaluating an IPR petition to determine whether an IPR should be instituted.⁷² To decide whether to deny institution, the PTAB evaluates:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits.⁷³

If the institution is denied principally under *Fintiv* factor 4, a petitioner can submit what is known as a *Sotera* stipulation, which stipulates that if the IPR is instituted, the petitioner "will not pursue in the District Court Litigation any ground raised or that could have been reasonably raised in an IPR."⁷⁴ *Sotera* stipulations effectively time the application of the identically worded IPR estoppel statute at institution of IPR, rather than at the final written decision of the PTAB.⁷⁵ In response, the PTAB will usually retract its denial and institute the IPR.⁷⁶

The *Fintiv* factors were the first step toward restraining the PTAB by deferring IPR institution where there was parallel litigation,⁷⁷ and *Sotera* was an early attempt at mediating substantive duplication between forums. But some federal judges, keen on hearing patent cases, refused to grant stays and aggressively scheduled cases to compel the PTAB to issue a discretionary denial under *Fintiv* factors 1 and 2.⁷⁸

⁷¹ No. IPR2020-00019, 2020 WL 2126495 (P.T.A.B. Mar. 20, 2020).

⁷² *Id.* at *2.

⁷³ *Id.*

⁷⁴ *Sotera Wireless, Inc. v. Masimo Corp.*, No. IPR2020-01019, 2020 WL 7049373, at *7 (P.T.A.B. Dec. 1, 2020).

⁷⁵ See 35 U.S.C. § 315(e)(2).

⁷⁶ See Nathan Sportel, *Did Sotera Stipulations Solve the Fintiv Criticisms?*, 21 CHI.-KENT J. INTELL. PROP. 14, 18 (2022).

⁷⁷ See Greg Reilly, *Patent Office Power and Discretionary Denials*, 55 CONN. L. REV. 589, 626 (2023).

⁷⁸ Tejas N. Narechania, Tian Kisch & Delia Scoville, *Forum Crowding*, 112 CALIF. L. REV. 327, 344 (2024) (noting that one judge in the WDTX aggressively schedules his cases "to dissuade the Patent Office from undertaking review at all").

B. *Restriction of Discretionary Denials (2022–2025)*

After Director Kathi Vidal was appointed in 2022 during the Biden Administration, she significantly altered the PTAB's relationship to co-pending district court litigation. In a written memorandum ("Vidal Memo"), Director Vidal limited discretionary denials by severely restricting the application of the *Fintiv* factors.⁷⁹ In particular, IPR petitions would no longer be discretionarily denied if the petition demonstrated "compelling, meritorious challenges" to justify institution, even in light of parallel, co-pending litigation over the same patent.⁸⁰ Moreover, even if the *Fintiv* factors were satisfied to warrant discretionary denial, a *Sotera* stipulation alone would be sufficient to obviate any discretionary denial.⁸¹

By restricting the applicability of the *Fintiv* factors, discretionary denials plummeted under Director Vidal.⁸² Consequently, the PTAB issued final written decisions regardless of the stage of any parallel patent litigation, leading to near-final infringement judgments being thrown out due to issue preclusion.⁸³

C. *Expansion of Discretionary Denials (2025–Present)*

Discretionary denials returned during the second Trump Administration in 2025. One of the earliest actions Acting Director Coke Morgan Stewart took was rescinding the Vidal Memo⁸⁴ and issuing a new memo establishing new procedures for how institution of IPR should operate.⁸⁵ Departing from the institution framework under Director Iancu, Director Stewart set a new criterion for institution: "[s]ettled expectations of the parties, such as the length of time the claims have been in

⁷⁹ See Memorandum from Katherine K. Vidal, Dir., U.S. Pat. & Trademark Off., to Members of the Pat. Trial & Appeal Bd., Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation 2 (June 21, 2022), https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf [<https://perma.cc/H7VQ-FR7X>].

⁸⁰ *Id.* at 4.

⁸¹ *Id.* at 7.

⁸² See *infra* Table 2.

⁸³ See, e.g., *Packet Intel. LLC v. NetScout Sys., Inc.*, 100 F.4th 1378, 1386–87 (Fed. Cir. 2024).

⁸⁴ *USPTO Rescinds Memorandum Addressing Discretionary Denial Procedures*, U.S. PAT. & TRADEMARK OFF. (Feb. 28, 2025), <https://www.uspto.gov/about-us/news-updates/uspto-rescinds-memorandum-addressing-discretionary-denial-procedures> [<https://perma.cc/3H46-UF3G>].

⁸⁵ Memorandum from Coke Morgan Stewart, Acting Dir., U.S. Pat. & Trademark Off., to All PTAB JJ., Interim Processes for PTAB Workload Management 1 (Mar. 26, 2025), <https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf> [<https://perma.cc/S2FD-8D5H>].

force.”⁸⁶ Acting Director Stewart additionally consolidated institution decision-making power in herself.⁸⁷

With this power and the promulgation of a new policy for deciding IPR institution, discretionary denials under Director Stewart rose dramatically⁸⁸ for two main reasons. First, the “settled expectations” of the parties ultimately meant that the older a patent was, the less likely institution would be granted because “the longer the patent has been in force, the more settled expectations should be.”⁸⁹ As many patents litigated in district court tend to be several years old, and IPRs are regularly petitioned for by those patent infringement defendants, a slew of discretionary denials followed.⁹⁰

Second, Acting Director Stewart began—somewhat covertly—to treat *Sotera* stipulations as insufficient for reversing a discretionary denial. Though *Sotera* was deemed a “precedential” decision by the PTAB,⁹¹ and Director Stewart never formally revoked its status, she discretionarily denied numerous petitions despite a valid *Sotera* stipulation.⁹² For example, in *Motorola Solutions, Inc. v. Stellar, LLC*,⁹³ Director Stewart denied IPR institution despite a valid *Sotera* stipulation because the stipulation “does not ensure that these IPR proceedings would be a ‘true alternative’ to the district court proceeding.”⁹⁴

In removing the alleviative effect of *Sotera* stipulations, so-called “*Sotera-Plus*” stipulations became popular to try to obviate a discretionary denial, which generally waived relevant device art from being raised in the district court, in addition to waiving “specific grounds raised” and “grounds that could have reasonably been raised.”⁹⁵

In October 2025, the USPTO under Director John Squires issued a notice of proposed rulemaking (“2025 NPRM”) that progresses

⁸⁶ *Id.* at 2.

⁸⁷ *Id.* at 1.

⁸⁸ See *infra* Table 2.

⁸⁹ *Dabico Airport Sols. Inc. v. AXA Power APS*, No. IPR2025-00408, 2025 WL 1710857, at *1 (P.T.A.B. June 18, 2025).

⁹⁰ See Dennis Crouch, *PTAB’s New “Settled Expectations” Doctrine*, PATENTLY-O (July 6, 2025), <https://patentlyo.com/patent/2025/07/settled-expectations-doctrine.html> [<https://perma.cc/7VD2-SPN6>].

⁹¹ *PTAB Designates Two Decisions Applying the Fintiv Factors as Precedential*, U.S. PAT. & TRADEMARK OFF. (Dec. 17, 2020, at 17:02 ET), <https://www.uspto.gov/subscription-center/2020/ptab-designates-two-decisions-applying-fintiv-factors-precedential> [<https://perma.cc/558T-JCEZ>].

⁹² See, e.g., *Motorola Sols., Inc. v. Stellar, LLC*, Nos. IPR2024-01205, IPR2024-01206, IPR2024-01207, IPR2024-01208, 2025 WL 947070, at *2 (P.T.A.B. Mar. 28, 2025).

⁹³ Nos. IPR2024-01205, IPR2024-01206, IPR2024-01207, IPR2024-01208, 2025 WL 947070 (P.T.A.B. Mar. 28, 2025).

⁹⁴ *Id.* at *2.

⁹⁵ Notice of *Sotera Plus Stipulation of Defendant Apple Inc. at 2*, *Cardware, Inc. v. Apple Inc.*, No. 25-cv-00446 (W.D. Tex. Aug. 13, 2025).

denial practice to a new height.⁹⁶ Under the proposed rules, if there is a co-pending district court litigation, the PTAB will deny IPR institution unless the defendant-petitioner files a stipulation with the district court waiving *any* novelty or obviousness invalidity defenses.⁹⁷ Furthermore, the PTAB will deny institution if there is a high likelihood that a trial will occur before the PTAB renders its final written decision.⁹⁸

III. AN ALTERNATIVE TO LITIGATION?

Each Director of the USPTO has had a different vision for the role that the PTAB should play in the patent system, as evidenced by their divergent standards for discretionary denials. At one end of the spectrum, Director Vidal ran the ‘race’ with district courts and ignored the status of parallel proceedings.⁹⁹ On the other end, Directors Squires and Stewart deferred almost entirely to district courts by denying institution at levels exceeding those of previous directors.¹⁰⁰

Have any of these roles and identities, however, conformed with Congress’s vision of the PTAB as an “alternative” to district court litigation? This Part first proposes a novel analytical framework for how the PTAB, as an “alternative,” should operate, and evaluates each Director’s discretionary denial policy in approaching that ideal.

A. *Discerning Congress’s Design*

This Essay proposes that for the PTAB to achieve an identity as an “alternative” venue to district courts, the idealized relationship must satisfy three elements. The first element requires that validity challenges within the jurisdiction of IPRs be heard by the PTAB. The second element requires that whenever a petitioner chooses to argue validity in an IPR, those validity challenges should not be adjudicated by district courts at trial. And the third element requires that IPRs conclude prior to the final judgment of the district court litigation so as to give it effect in the district court.

The identification of these three elements is congruent with the goals of Congress and the legislative history of the AIA. As to the first element, Congress obviously intended IPRs to be filed; it would be absurd to create IPRs and expect no parties to file petitions. As to the second element, Congress intended to create an “alternative to” district court litigation such that IPRs could “serve as a complete substitute

⁹⁶ Revision to Rules of Practice Before the Patent Trial and Appeal Board, 90 Fed. Reg. 48,335 (proposed Oct. 17, 2025) (to be codified at 37 C.F.R. pt. 42).

⁹⁷ *Id.* at 48,337–38.

⁹⁸ *Id.*

⁹⁹ See *supra* Section II.B.

¹⁰⁰ See *supra* Section II.C.

for at least some phase of the litigation.”¹⁰¹ If Congress intended the PTAB to act as a “complete substitute,” this necessarily requires district courts to be substituted *out*.¹⁰² This element further conforms to Congress’s goal of reducing litigation expenses;¹⁰³ it is more expensive for district court litigation to proceed in parallel with PTAB proceedings than to operate alone.¹⁰⁴ Moreover, Congress anticipated that courts would voluntarily stay their proceedings pending resolution of IPRs, further bolstering the analytical value of this element.¹⁰⁵ As to the third element, it is a necessary corollary to the second element; the PTAB cannot effectively substitute an adjudicator if its decision is effectively mooted by district courts immunizing judgments through finality.¹⁰⁶

B. *Evaluating Discretionary Denial Approaches*

Having discerned the identity and role of the PTAB as envisioned by Congress, this Essay turns now to how effectively various Directors managed to conform the PTAB to this vision through discretionary denials. Empirical statistics are elucidative—particularly from the Eastern District of Texas, as it is the most popular venue and attracts plaintiffs.¹⁰⁷

Element one is best measured by the quantity of IPR petitions filed per year and the rate of institution, as these metrics indicate whether IPRs are being filed and heard. Element two is best measured by the stay rate, as this is the best indicator that validity challenges are not simultaneously heard by district courts. Element three is best measured by comparing the median time to trial with the median time to a final written decision by the Board, measured from the date an IPR petition is filed. If the median time to trial is comparable to or less than the time to a final written decision, this evidences that the PTAB did not render a decision until just after the trial, indicating the third element risks not being satisfied, or at the very least, that jury findings risk abrogation.

¹⁰¹ S. REP. NO. 110-259, at 20, 67 (2008).

¹⁰² See Joel Sayres & Julie Wahlstrand, *To Stay or Not to Stay Pending IPR? That Should Be a Simpler Question*, 17 CHI.-KENT J. INTELL. PROP. 52, 57 n.22 (2018).

¹⁰³ See *supra* note 28 and accompanying text.

¹⁰⁴ See Kaitlyn Mires, *It's Not Albright in Texas: How PTAB Expertise Can Illuminate Patent Litigation in Texas*, 24 CHI.-KENT J. INTELL. PROP. 38, 53–54 (2025).

¹⁰⁵ S. REP. NO. 110-259, at 67.

¹⁰⁶ *Cf. Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1346 (Fed. Cir. 2013) (holding that USPTO cancellation of an asserted patent claim is binding on pending infringement litigation and extinguishes the patentee’s cause of action when the district court judgment is not final).

¹⁰⁷ See *supra* Section I.C.

TABLE 2. TRIAL STATISTICS FOR THE EASTERN DISTRICT OF TEXAS AND THE PTAB BETWEEN 2016 AND 2025

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Eastern District of Texas	Median Trial Time (in Months)	19	18	17	19	18	21	17	18	21	23
	Stay Rate (%)	25	28.2	21.1	45.5	0	0	15.4	10	22.9	20.5
National	Median Trial Time (in Months)	24	25	24	29	26	29	26	33	27	30
	Stay Rate (%)	41.2	37.8	47	48.2	47.3	49.2	53.4	40.7	52	45.9
PTAB	IPR Petitions Filed	1636	1720	1608	1270	1443	1303	1321	1153	1316	1203
	Institution Rate by Petition (%)	58.6	55.5	62.8	56.3	52.4	55.7	61.3	59.4	65.4	39.6
	Median Final Written Decision Time (in Months)	18	17.7	18.2	18.2	18.3	18.2	18.3	18.3	18.3	18.3

Table 2 shows these trial statistics for the Eastern District of Texas and nationally, and data on IPR petitions at the PTAB between 2016 and 2025.¹⁰⁸ The median trial time for the courts was measured from service of the complaint; the median final written decision time was measured from filing of the IPR petition. From 2016 to 2018, the institution rate includes petitions that were partially instituted, a practice invalidated by the Supreme Court in *SAS Institute Inc. v. Iancu*.¹⁰⁹

From 2016 to 2025, the Eastern District of Texas consistently had a median time to trial below the national median and granted stays at a rate likewise lower than the national average.¹¹⁰ No discretionary denial policy, therefore, had any substantial effect of grounding the

¹⁰⁸ Data in Table 2 was obtained from Docket Navigator (on file with the George Washington Law Review). The Eastern District of Texas was selected not only because it is the most popular venue, *see supra* Table 1, but also because its historical trends serve as a case study for stress testing discretionary denial policy.

¹⁰⁹ 584 U.S. 357 (2018).

¹¹⁰ *See supra* Table 2.

PTAB as an alternative forum to the most popular forum for patent plaintiffs. Although early discretionary denial policy under Director Iancu through the *Fintiv* factors at least partitioned validity arguments to the district court by effectively deferring to parallel advanced-stage litigation, doing so abdicated element one for defendants in the Eastern District of Texas.¹¹¹

Director Vidal's approach of liberalizing IPR institution decisions did not fare any better. Director Vidal's discretionary denial policy recognized that plaintiff-friendly venues were seemingly exploiting the *Fintiv* factors to compel discretionary denials.¹¹² The Vidal Memo restricted the *Fintiv* factors, which resulted in institution decisions being more independent of discretionary district court case management. For the Eastern District of Texas, however, the liberalized IPR institution merely caused the PTAB to run a race to finality with the district court.

The concrete effects of this race led to substantial duplication and waste. The PTAB routinely takes eighteen months to issue a written decision after an IPR petition is filed, which itself is usually filed after the infringement complaint has already been served.¹¹³ The Eastern District of Texas's short time to trial means it usually beats the PTAB to a jury trial and possibly achieves finality on appeal, thereby violating element three.¹¹⁴ In the instances in which the PTAB won the race and issued a final written decision finding patent claims invalid—usually while a court's damages verdict was being appealed—the result was courts throwing out jury verdicts due to mandatory issue preclusion.¹¹⁵ Although the threat of such outcomes might have, in the long run, compelled district courts to grant stays more judiciously to preserve jury findings, in the span that the Vidal Memo was active between 2022 and early 2025, the Eastern District of Texas's rate of granting stays was still below the national median.¹¹⁶ Element two therefore was not satisfied under Director Vidal's discretionary denial policy.

The expanded discretionary denial policy of Directors Stewart and Squires drove the IPR institution rate to the lowest levels recorded.¹¹⁷ This policy erred in the same respect as Director Iancu's. Its high degree of deference to district court proceedings prevented duplicative,

¹¹¹ See Reilly, *supra* note 77, at 628.

¹¹² See *supra* Section II.B.

¹¹³ See *supra* Table 2; Gugliuzza, *supra* note 9, at 278–79.

¹¹⁴ See *supra* Table 2.

¹¹⁵ See, e.g., *Packet Intel. LLC v. NetScout Sys., Inc.*, 100 F.4th 1378, 1386 (Fed. Cir. 2024); *ParkerVision, Inc. v. Qualcomm Inc.*, 116 F.4th 1345, 1362 (Fed. Cir. 2024).

¹¹⁶ See *supra* Table 2.

¹¹⁷ See *supra* Table 2. During the interim period, Acting Director Stewart invoked discretionary denials at a rate of sixty-one percent. Matthew Johnson, *Discretionary Decision Statistics Update*, JONES DAY (Nov. 4, 2025), <https://www.ptablitigationblog.com/discretionary-decision-statistics-update/> [https://perma.cc/3T2K-HARK].

inconsistent results, but once again abdicated Congress's statutory mandate to hold IPRs under element one. The 2025 NPRM has similar defects and will likely experience the same fate if promulgated.

In short, discretionary denial policy, whether expanded under Directors Stewart and Squires, or restricted under Director Vidal, has largely failed to render the PTAB an alternative forum for challenging a patent's validity. Because plaintiffs widely choose the Eastern District of Texas to hear their cases,¹¹⁸ the court's discretionary decision not to stay effectively governs the patent system and, thus, governs the role of the PTAB.

IV. DESIGNING A NEW ALTERNATIVE

Although previous policies failed to render the PTAB an "alternative," the expansion and assertion of discretionary denial power have forged the perfect tool for conforming the PTAB to the "alternative" identity. Specifically, the power to condition IPR institution based on stipulations filed in district court offers a salient opportunity to induce even the Eastern District of Texas to stay proceedings pending resolution of an IPR. Rather than wielding discretionary denials to determine when the PTAB should defer to district courts, discretionary denial policy can instead be reoriented to induce district courts to defer to the PTAB.

To render the PTAB an alternative, substitutionary forum, two stakeholders must each be incentivized to make a particular decision. First, the district court, particularly in the Eastern District of Texas, must be incentivized to stay its proceedings pending resolution of the IPR. Even though Congress did not mandate stays pending resolution of IPRs, which would have all but guaranteed the PTAB to operate as a substitute,¹¹⁹ Congress seemingly assumed that district courts would voluntarily and routinely grant stays.¹²⁰ Stays are therefore the best mode for district courts to achieve Congress's vision. Second, after factoring in the district court's incentives to grant a stay, defendants must still be incentivized to file IPRs to reduce litigation expenses.

A. *Weighing the District Court's Incentive to Stay*

It is no mystery how to incentivize a judge to stay a patent case pending resolution of an IPR. Courts weigh three factors holistically: "(1) whether the stay will unduly prejudice the nonmoving party, (2) whether the proceedings before the court have reached an advanced

¹¹⁸ See *supra* Table 1.

¹¹⁹ See Mires, *supra* note 104, at 65.

¹²⁰ See S. REP. NO. 110-259, at 67 (2008); Reilly, *supra* note 77, at 625–26.

stage, including whether discovery is complete and a trial date has been set, and (3) whether the stay will likely result in simplifying the case before the court.”¹²¹ Despite some scholars suggesting that the Eastern District of Texas exceptionally favors plaintiffs in deciding stays,¹²² this is not the case. In fact, analyzing the simplification and case-stage factors reveals straightforward criteria that can be targeted and addressed through discretionary denial policymaking.

On the simplification factor, the court will refrain from granting stays if there is a likelihood that it will still have to conduct a trial on the issue of validity regardless of the potential outcome of the IPR.¹²³ Therefore, a stay will usually be granted if there is a strong likelihood that the PTAB will cancel all asserted patent claims or, if not, when IPR estoppel or *Sotera*-like stipulations eliminate the remaining invalidity contentions.¹²⁴ Conversely, the courts will deny a stay if other validity issues involving questions of fact remain live—such as eligibility or the written description requirement¹²⁵—or if some asserted patents are not instituted for IPR.¹²⁶ Similarly, a motion to stay is premature and thus denied when the USPTO has not yet decided whether to institute the IPR.¹²⁷

The courts generally analyze the case-stage factor based on whether pretrial milestones have been reached, such as service of validity or infringement contentions, and whether the defendant-petitioner “unreasonably delayed filing its IPR petition.”¹²⁸ As case scheduling in the Eastern District of Texas is fairly uniform, this factor essentially asks whether the defendant filed its IPR petition within six months of being served with the infringement complaint.¹²⁹

¹²¹ *Intell. Ventures II LLC v. BITCO Gen. Ins. Corp.*, No. 15-cv-59, 2016 WL 4394485, at *2 (E.D. Tex. May 12, 2016) (quoting *NFC Tech. LLC v. HTC Am., Inc.*, No. 13-cv-1058, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015)).

¹²² *See* Wentzel, *supra* note 62, at 122. *But see* Vishnubhakat, *supra* note 8, at 84–85.

¹²³ *See* Mojo Mobility, Inc. v. Samsung Elecs. Co., No. 22-cv-00398, 2024 WL 778375, at *1 (E.D. Tex. Feb. 26, 2024).

¹²⁴ *See* Broadphone LLC v. Samsung Elecs. Co., No. 23-cv-00001, 2024 WL 3524022, at *2 (E.D. Tex. July 24, 2024).

¹²⁵ *See* Gugliuzza, *supra* note 45, at 647; *see, e.g.,* Lionra Techs. Ltd. v. Cisco Sys., Inc., No. 24-cv-00097, 2025 WL 1239317, at *4 (E.D. Tex. Apr. 29, 2025); *Maxell Ltd. v. Apple Inc.*, No. 19-cv-00036, 2020 WL 10458088, at *3 (E.D. Tex. Nov. 17, 2020).

¹²⁶ *See* *Maxell Ltd.*, 2020 WL 10458088, at *2.

¹²⁷ *Headwater Rsch. LLC v. Cellco P’ship*, No. 23-cv-00352, 2024 WL 6821573, at *2 (E.D. Tex. Nov. 8, 2024).

¹²⁸ *Maxell Ltd.*, 2020 WL 10458088, at *2.

¹²⁹ *Compare* *Lionra Techs. Ltd.*, 2025 WL 1239317, at *3 (delay of over six months weighed against a stay), *with* *Intell. Ventures II LLC v. BITCO Gen. Ins. Corp.*, No. 15-cv-59, 2016 WL 4394485, at *3 (E.D. Tex. May 12, 2016) (delay of less than six months weighed in favor of stay). *But see* *Broadphone LLC*, 2024 WL 3524022, at *2 (delay of seven months from service of complaint did not weigh against a stay because of the early stage of the case).

An effective discretionary denial policy could address both factors and, indeed, has historically done so. *Sotera*-like stipulations weigh on the simplification factor; where the petitioner fails to invalidate a claim in IPR, they are unable to relitigate the same argument in district court.¹³⁰ Similarly, the *Fintiv* factors disincentivized delayed IPR filings. The later the filing means the closer the trial date, and therefore the more discretionary denial is warranted under the second *Fintiv* factor.¹³¹ The only apparent failings of these aspects of historical discretionary denial policy are that they do not go far enough to incentivize a district court to stay proceedings.

B. Weighing the Petitioner's Interests in Filing IPR

If *Sotera* and *Fintiv* are expanded, however, such an expansion could affect the likelihood that a petitioner will file an IPR. Because filing an IPR petition is a strategic consideration, a petitioner will not file the IPR if the disadvantages of filing outweigh the advantages of filing. The cost-benefit analysis can be quantified by return, risks, and costs.

As a preliminary matter, there is a substantial return on an IPR petition. If granted IPR institution, the IPR will result in the cancellation of all claims in a patent seventy percent of the time.¹³² Once canceled, any infringement suits relying on those patent claims terminate.¹³³ Defendant-petitioners therefore stand to gain significantly from filing an IPR, simply by the operation of the PTAB. Because the return value of an IPR depends on mandatory statutory language defining how IPRs are conducted,¹³⁴ the return must be treated as a fixed factor unaffected by discretionary denial policy.

Risks and costs are more fluid and can be modified through discretionary denial policy. Although IPRs are cheaper than traditional litigation, they are not *cheap*. Compiling and filing a petition alone can cost hundreds of thousands of dollars.¹³⁵ Unlike in district court, where complaints can be amended after filing, petitions cannot be amended.¹³⁶ Even if a petition might be doomed on discretionary grounds, such as the *Fintiv* factors, petitioners must comprehensively compile and file the entire petition before it is evaluated on those grounds.¹³⁷

¹³⁰ See *supra* text accompanying notes 74–76.

¹³¹ See *supra* Section II.A.

¹³² See PAT. TRIAL & APPEAL BD., *supra* note 53, at 10.

¹³³ *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1346 (Fed. Cir. 2013).

¹³⁴ See 35 U.S.C. § 316.

¹³⁵ Weijia Zhang, *IPR Estoppel (& "Estoppel-Like") Provisions: Balancing Patent Quality and Quiet Title*, 39 BERKELEY TECH. L.J. 1223, 1235 (2024).

¹³⁶ See 35 U.S.C. § 312.

¹³⁷ See *id.* §§ 312, 314; Reilly, *supra* note 77, at 629.

Clear criteria for when institution is to be granted are therefore necessary to obviate the costs of wasted IPR petitions. In this regard, the discretionary denial approaches of Directors Iancu, Stewart, and Squires have missed the mark. Under Director Iancu, the *Fintiv* factors were historically difficult to evaluate and at times unpredictable in how each factor was weighed.¹³⁸ Stewart's "settled expectations" doctrine is still in effect and has baffled scholars¹³⁹ and litigators¹⁴⁰ as to exactly when a patent's expectations to quiet title are so settled that it becomes immune to challenge.

The cost to legal rights is another important consideration. The imposition of increasingly substantial estoppel by stipulation—from *Sotera* and *Sotera-Plus* stipulations to the 2025 NPRM stipulation waiving all novelty and nonobviousness invalidity arguments in district court—has rendered the PTAB less of a "free bite" and more of a tactical investment. The more defenses a petitioner is required to waive in parallel litigation, the greater the cost to file the IPR petition.

V. THE NEW ALTERNATIVE

A. *Proposed Discretionary Denial Policy*

Considering judges' decision-making in staying a case and petitioners' decision-making in filing IPRs, this Essay proposes a self-executing, trifurcated regime. First, *anytime* a petitioner files an IPR, they must stipulate that if an institution decision is made on the merits under § 314(a), they waive any grounds "raised" or "that could have reasonably been raised" in their IPR petition, in addition to any similar device art—identical to a *Sotera-Plus* stipulation,¹⁴¹ but applicable even when institution is *denied* on the merits. Second, if the IPR petition is filed less than six months after service of the plaintiff's complaint, institution will be discretionarily denied unless the petitioner stipulates that they waive novelty and nonobviousness invalidity contentions in district court if institution is granted, similar to the stipulation in the 2025 NPRM.¹⁴² Third, if the petition is filed more than six months after

¹³⁸ See Sportel, *supra* note 76, at 21; Katlyn Stockslager, *The Explosive Expansion of Discretionary Denials by the PTAB and the Resulting Casualties*, 31 TEX. INTELL. PROP. L.J. 273, 289–90 (2023).

¹³⁹ See Crouch, *supra* note 90.

¹⁴⁰ See Sue Gerber & Matt Johnson, "Settled-Expectations" Analysis May Leave Some Petitioners Feeling Unsettled, JONES DAY (July 23, 2025), <https://www.ptablitigationblog.com/settled-expectations-analysis-may-leave-some-petitioners-feeling-unsettled/> [<https://perma.cc/65MJ-L5Y3>].

¹⁴¹ Notice of *Sotera Plus* Stipulation of Defendant Apple Inc. at 2, *CardWare, Inc. v. Apple Inc.*, No. 25-cv-00446 (W.D. Tex. Aug. 13, 2025); see *supra* text accompanying note 95.

¹⁴² See *supra* Section II.C; Revision to Rules of Practice Before the Patent Trial and Appeal Board, 90 Fed. Reg. 48,337 (proposed Oct. 17, 2025) (to be codified at 37 C.F.R. pt. 42).

service, the petitioner must instead stipulate to waive all invalidity contentions in the parallel litigation.

These reforms strike a balance between district courts' interests in staying cases and petitioners' interests in filing IPRs, satisfying all three elements of the alternative identity.¹⁴³ First, the initial *Sotera-Plus* stipulation provision serves as a precheck that improves the likelihood of a stay. Specifically, this provision remedies instances in which a stay is denied when only some of the IPRs on asserted patents are instituted¹⁴⁴ or when the defendant moves for a stay before the institution decision,¹⁴⁵ as, regardless of whether institution is granted, there is a strong likelihood of simplification of the issues. Second, the two six-month window¹⁴⁶ divergent stipulation scheme reflects a convergence of the meritorious aspects of *Fintiv* factor 2¹⁴⁷ and the district court's case-stage stay factor.¹⁴⁸ Six months from service of the plaintiff's complaint to filing of an IPR petition is routinely the limit for a favorable case-stage stay finding,¹⁴⁹ encouraging earlier filings of IPR petitions would lead to a higher stay rate. Moreover, this policy provides clearer deadlines when compared with the *Fintiv* approach, which estimated the median time to trial through time-to-trial statistics¹⁵⁰ that are divergent across venues and judges at worst¹⁵¹ and ambiguous in calculation at best.¹⁵² Petitioners would therefore have greater certainty of when to file and would know what level of stipulation is required when they do so.

The required stipulations themselves are tuned to balance the two main stay factors. If the petition is filed within the first six-month window, the district court case has likely not progressed too far. As such, because the stay analysis is holistic,¹⁵³ the degree of simplification necessary at that phase is less dispositive, though still important. Therefore, a stay would be likely under the first six-month window. For the petitioner, though waiving all novelty and nonobviousness invalidity arguments is

¹⁴³ See *supra* Section IV.A.

¹⁴⁴ See *Maxell Ltd. v. Apple Inc.*, No. 19-cv-00036, 2020 WL 10458088, at *3 (E.D. Tex. Nov. 17, 2020) (order denying Apple's Renewed Motion to Stay).

¹⁴⁵ *Headwater Rsch. LLC v. Cellco P'ship*, No. 23-cv-00352, 2024 WL 6821573, at *2 (E.D. Tex. Nov. 8, 2024).

¹⁴⁶ By statute, petitions must be filed within one year of being served an infringement complaint. 35 U.S.C. § 315(b) (2018).

¹⁴⁷ See *supra* Section II.A.

¹⁴⁸ See *supra* Section IV.A.

¹⁴⁹ See *supra* note 129 and accompanying text.

¹⁵⁰ See, e.g., *AT&T Servs. Inc. v. Asus Tech. Licensing Inc.*, No. IPR2024-00992, 2024 WL 5126018, at *5 (P.T.A.B. Dec. 16, 2024).

¹⁵¹ See *supra* Table 1; *supra* text accompanying notes 65–66.

¹⁵² See *Fintiv, Inc. v. Apple Inc.*, No. 18-cv-00372, 2019 WL 4743678, at *7 (W.D. Tex. Sep. 13, 2019).

¹⁵³ See *supra* Section IV.A.

certainly costly to their litigation strategy and precludes grounds that cannot be reasonably raised in an IPR, the value of obtaining an IPR may outweigh the costs.¹⁵⁴

If the petition is filed in the second six-month window, the case-stage factor in the stay analysis would normally weigh against a stay. The simplification factor, however, would weigh heavily in favor of a stay, as it would eliminate the entirety of validity contentions, such as eligibility and the written description requirement, which contain questions of fact that must be submitted to a jury.¹⁵⁵ As such, even if the petition was filed in this later window, a court would likely still grant the stay. As for the petitioner's consideration, the second window is disfavored and is disincentivized by design. That said, petitioners may still be willing to waive arguments on the other grounds of patentability not covered by IPR jurisdiction. Even if petitioners do not file in this second window, they at least have the choice and ample opportunity to do so.

Although this proposed change to discretionary denials is drastic, it weighs the considerations of each stakeholder¹⁵⁶ and incentivizes each to make the pivotal choices that satisfy the three elements to render the PTAB an alternative forum.¹⁵⁷

B. Objections to Proposed Policy

This proposed solution is a radical expansion of discretionary denial power, and, as such, would be subject to criticisms similar to criticisms of the 2025 NPRM, which itself proposes a radical expansion of discretionary denial power. The NPRM received 11,000 comments, ninety-seven percent opposing the proposed rules on grounds ranging from assertions that the proposed discretionary power is illegal¹⁵⁸ to speculations that defendant-petitioners would cease filing IPRs in light of the required stipulation.¹⁵⁹

Scholars, the Federal Circuit, and the Supreme Court alike concur that 35 U.S.C. § 314 authorizes broad, unreviewable discretionary power to decide whether to deny or grant institution of IPRs.¹⁶⁰ In *Cuozzo*

¹⁵⁴ See *supra* Section IV.A.

¹⁵⁵ See *supra* notes 44–45 and accompanying text.

¹⁵⁶ See *supra* Part IV.

¹⁵⁷ See *supra* Part III.

¹⁵⁸ Martin Skladany et al., Comment Letter of 22 Law Professors and Public Citizen in Opposition to USPTO's Proposed Rule Changes for Inter Partes Review (Dec. 2, 2025), <https://www.regulations.gov/comment/PTO-P-2025-0025-1983> [<https://perma.cc/2JFC-CLWQ>].

¹⁵⁹ Am. Intell. Prop. L. Ass'n, Comment Letter on Proposed Rulemaking on Revisions to Rules of Practice Before the Patent Trial and Appeal Board (Dec. 2, 2025), https://downloads.regulations.gov/PTO-P-2025-0025-2022/attachment_1.pdf [<https://perma.cc/2NW3-3M4N>].

¹⁶⁰ See Reilly, *supra* note 77, at 612.

Speed Technologies, LLC v. Lee,¹⁶¹ the Court noted that “the agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion” because § 314(a) did not *mandate* the Director to institute IPRs.¹⁶²

Similarly, broad discretionary denial policies have regularly survived judicial scrutiny. The discretionary denial reforms developed by Acting Director Stewart, particularly the extra-statutory “settled expectations test,” were challenged by a litany of mandamus petitions to the Federal Circuit under the Constitution and the Administrative Procedure Act.¹⁶³ None were successful, with the court reiterating that the power to discretionarily deny is functionally unreviewable under § 314(d).¹⁶⁴ The legality of broad discretionary power is thus a settled question.

If the 2025 NPRM stipulation would cause IPR filings to plummet, then so too would the proposed stipulations, in violation of element one of the ideal “alternative” identity.¹⁶⁵ However, if this is the case, the benefit of the proposed solution is that it provides a flexible analytical framework ripe for tinkering. If filings drop too low, the Director can rapidly ameliorate this by shrinking the scope of the required stipulations or increasing the duration of the first six-month window. Conversely, if the stay rate drops too low, required stipulations can be broadened or the first six-month window can be shortened.

CONCLUSION

Although Congress designed the PTAB as an alternative to district court litigation, the statutory terms alone did not enforce this identity, and the practical realities of the patent system veered the PTAB away from it. Though Directors tried to reduce duplication through discretionary denials, empirical research shows that each policy failed to make the PTAB an alternative. This Essay proposed novel analytical frameworks for identifying how the PTAB, as an “alternative,” should operate and for shaping discretionary denial policy to conform to this role by weighing the interests of judges and petitioners. In this way, discretionary denials can shift from a mechanism of PTAB deference into one that incentivizes courts to defer instead.

¹⁶¹ 579 U.S. 261 (2016).

¹⁶² *Id.* at 273.

¹⁶³ 5 U.S.C. §§ 551–559, 701–706; *see, e.g., In re SAP Am., Inc.*, Nos. 2025-132, 2025-133, 2025 WL 3096788, at *1 (Fed. Cir. Nov. 6, 2025); *In re Cambridge Indus. USA Inc.*, No. 2026-101, 2025 WL 3526129, at *1 (Fed. Cir. Dec. 9, 2025).

¹⁶⁴ *See, e.g., In re Cambridge Indus. USA Inc.*, 2025 WL 3526129, at *2.

¹⁶⁵ *See supra* Section III.A.

