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An Inside Look At Squires' Discretionary Denials

By **Nikhil Krishnan and Todd Baker** (September 3, 2026, 6:56 PM EDT)



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Under U.S. Patent and Trademark Office Director John Squires, discretionary denial has become the single most significant obstacle to institution of America Invents Act proceedings. Since he took over institution decisions on Oct. 31, 2025, he has denied nearly 60% of petitions on discretionary grounds, without reaching the merits.

Rather than issue a detailed institution order explaining the grounds for denial, the default practice — announced on Oct. 17, 2025 — is to issue a summary notice institution decision, identifying only whether the proceeding was discretionarily denied, denied on the merits or instituted on the merits.[1]

Since then, he has issued orders on requests for discretionary denial in over 600 proceedings, but detailed the reasoning in only a handful of instances involving "novel or important factual or legal issues," designating eight orders as informative and five as precedential. In this article, we attempt to understand what is driving the remaining decisions.

We analyzed every discretionary denial decision issued by Squires between Oct. 31, 2025, and Aug. 25 this year, and corresponding briefs. Using AI-assisted review of more than 1,200 briefs, we identified commonly asserted discretionary denial arguments and evaluated which arguments most strongly correlated with institution outcomes.

Methodology

We started off by determining a list of arguments commonly found in discretionary denial briefing. These arguments were derived from the USPTO's guidance — institution decisions designated as precedential or informative and public memos — because that guidance typically drives the parties' briefing.

Fundamentally, discretionary denial analysis asks whether AIA institution is an efficient use of limited resources and consistent with U.S. policy interests.

This translates into several considerations, including:

- The interplay between the proposed AIA review and parallel litigation involving the challenged patents;[2]
- Prior attempts to invalidate the patent[3] and whether the petition presents "the same or substantially the same art or arguments" as previously presented under Title 35 of the U.S. Code, Section 325(d);
- Settled expectations in the validity of the patent;[4]

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- A party's size and ties to U.S. manufacturing or economic, public health or national security interests;[5] and

- The opportunity to correct error in the original prosecution.[6]

We then fed the discretionary denial briefing into AI and asked it 14 true-or-false questions for each patent owner and petitioner brief, respectively, with additional queries to categorize certain arguments qualitatively (e.g., was trial certain to occur first, or merely likely?; would the litigation complete Markman proceedings, fact discovery or neither by the time of institution?).

To account for the impact of settled expectations, we also determined the patent age at the time of the discretionary decision in each proceeding. We specifically considered whether the patent was six years or older, as the USPTO has previously suggested — without establishing a bright-line rule — that such senior patents may be presumptively treated as having settled expectations.[7]

Taken together, the data is most consistent with a framework in which Squires views AIA proceedings not as a generally available supplement to litigation, but as a limited mechanism for timely challenges to patents whose grant involved error.

Petitions succeed when they demonstrate that the prosecution was flawed — but face steep odds when they seek to provide an accused infringer with a backup forum to challenge validity, particularly where parallel litigation is already on a fast track to trial.

Discretionary denial is the biggest barrier to institution.

From 2015 to 2024, institution rates in AIA review proceedings ranged from 56% to 68%. Since Squires first began issuing decisions, the rate is approximately 30%.

And as of Aug. 25, he had discretionarily denied 57% of petitions — meaning only 43% were considered on their merits.[8] However, 72% of proceedings that survive discretionary denial have been instituted.

Settled expectations are paramount.

A patent's senior status is a significant factor affecting discretionary denial.

Since then-acting Director Coke Morgan Stewart first introduced the idea of settled expectations as a discretionary consideration in March 2025, it has become clear that, in practice, patents six years or older were presumptively treated as having settled expectations, favoring discretionary denial.[9]

Under Squires, a patent's senior status poses an enormous barrier to institution based on the data set we analyzed: Only 24% of petitions (64/265) involving senior patents survived discretionary denial. By contrast, 57% of proceedings involving patents less than six years old survived discretionary denial (211/368).

However, where senior patents have survived discretionary denial, the age distribution is wide — 40% (26/64) involved patents over 10 years old; and in at least one instance, Squires instituted a proceeding on an expired 20-year-old patent, thus suggesting no bright-line rule.[10]

These numbers suggest that although a patent's senior status weighs heavily against filing a petition, it is not dispositive. Certain factors appear to increase a petitioner's chances of getting past discretionary denial when challenging a senior patent. However, no factor appears to have a more reliable effect on institution outcomes than patent age.

Institution of related patents appears to improve chances of merits review, especially for senior patents.

Petitioners sometimes rely on prior institutions of related patents to buttress the petition's merits. For

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proceedings where the petitioner made this argument, 49% (104/211) overcame discretionary denial — a 6-point improvement over the overall rate.

Importantly, this can also rebut settled expectations: 38% of proceedings (34/90) involving senior patents achieved merits review when this factor was present — a 14-point increase above the overall senior patent rate.

The decisions evidence a strong preference for post-grant reviews over inter partes reviews.

The USPTO has recently expressed a preference for post-grant reviews over IPRs because PGRs must be filed within nine months of the patent grant.[11] This is reflected in the data: While IPR petitions are filed much more frequently, PGRs receive merits review at a 63% rate (24/38), compared to 57% for junior patent IPRs (187/330).

The PTAB is no longer a litigation backup.

The late stage of parallel litigation is a strong indicator of discretionary denial.

Consistent with the view that AIA review should serve as an alternative to litigation rather than a supplement,[12] Squires discretionarily denied petitions at a high rate where parallel litigation is at an advanced stage — over 90% (21/23) where the patent owner alleged that fact discovery was closed or would close by the institution deadline, and 66% (101/153) where claim construction was complete or expected to be complete by that point.

Likewise, Squires discretionarily denied 69% of petitions (140/203) where the parallel litigation was set to reach trial or final decision before the Patent Trial and Appeal Board's final written decision. Notably, when the patent owner merely speculated that the parallel proceeding would reach trial first — e.g., based on forum statistics rather than a court order — the discretionary denial rate dropped to 45% (37/81).

Some common petitioner rebuttals appear to have some success in overcoming discretionary denial despite a set trial date: pointing to pendency statistics suggesting the date was unlikely to hold, arguing that a stay was likely or pointing to unique facts. For example, in several cases the petitioner noted that a trial date set by U.S. District Judge Alan Albright was scheduled for after his announced retirement date.

On the flip side, the discretionary denial rate dropped to 33% (14/43) when there is no parallel litigation.

Inconsistent claim construction positions significantly increases the risk of discretionary denial.

On Nov. 3, 2025, Squires issued his precedential decision in Revvo Technologies Inc. v. Cerebrum Sensor Technologies Inc., vacating institution of an IPR where the petitioner took a different claim construction position in district court than in its IPR petition and the board failed to determine whether the petitioner provided sufficient basis for alternative positions.

Subsequently, Squires discretionarily denied several petitions that had previously been set for merits-based determination, citing Revvo, and designated four similar decisions as informative.[13]

Squires has discretionarily denied 63% of petitions (95/150) where the petitioner was accused of taking inconsistent claim construction positions between forums — a 7-point increase from the overall discretionary denial rate.

This confirms what Revvo and its progeny have already made clear: Petitioners need to maintain strict consistency in claim construction positions, potentially forfeiting arguments such as indefiniteness, or otherwise have a compelling reason for why the positions are not inconsistent.

Prior determinations and petitions involving the patent also increase the risk of discretionary denial.

The USPTO has long been concerned that IPRs can be abused through serialized filings. Squires has extended this concern by further discouraging petitions filed after a district court or ITC has already

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adjudicated validity.[14]

We found that 67% of proceedings (90/135) were discretionarily denied where the patent owner argued that prior petitions had been filed against the same patent. Similarly, where the patent owner pointed to a prior validity determination, Squires discretionarily denied institution at a 62% clip (110/179).

Error correction still matters.

While institution rates have dropped based on the considerations discussed above, Squires has nonetheless recognized that "[t]he Office institutes review to reconsider its own decision and correct a possible error in the original patent grant," and explained that "[a] substantial showing of apparent examiner error can overcome other factors that suggest discretionary denial."[15]

Almost every petitioner alleges examiner error — we found this argument in 84% of proceedings. Based on a sampled review, many of these allegations are generic: The petition identifies invalidating art, therefore the examiner erred.

Squires does not appear to find generic allegations compelling — the merits review rate when the argument is made is 44%, essentially matching the overall rate. That said, this is still a 4-point improvement over proceedings where the argument was not made, and the difference was more marked for senior patents, where the merits review rate was 18 points higher when examiner error was alleged.

Alternatively, petitioners sometimes allege that the applicant committed prosecution misconduct, such as withholding material prior art, effectively shifting the blame for examiner error.

These fact-specific arguments tend to be more compelling. We found that Squires declined to exercise discretionary denial in nearly 56% of proceedings (103/183) where prosecution misconduct was alleged — a 12-point improvement on the overall rate.

Even for senior patents, 36% of petitions (22/61) reached merits review when prosecution misconduct was alleged, a 12-point increase over the 24% rate for senior patents overall. And 66% of proceedings (81/122) involving junior patents reached merits review, a 9-point increase.

Another way to frame examiner error is to submit a search disclosure declaration explaining how the petitioner identified the art the examiner missed. This tool is infrequently used, perhaps due to privilege-waiver concerns — we found a search disclosure declaration was only submitted in 36 proceedings. The risk does not appear to be worth it: These proceedings were only instituted at a 22% clip.

While allegations of prosecution error may favor institution, patent owners' arguments that the original prosecution got it right are not generally persuasive. Squires discretionarily denied only 42% of proceedings (80/191) where the patent owner invoked Section 325(d) discretion.

Policy priorities appear to be shaping institution independently of the merits.

American manufacturers have the advantage.

Squires has recently signaled the increased importance of public interest factors in discretionary analyses.[16] One stated public interest is preserving AIA review as a tool for U.S. manufacturers, rather than providing a "tactical advantage to companies that neither manufacture in the United States nor make American manufacturing investments."[17]

This is reflected in the merits review rates: 74% (46/62) of proceedings involving junior patents where the petitioner alleged U.S. manufacturing achieved merits review — a 17-point improvement over junior patent rates overall. Senior patents showed a more modest 7-point increase.

On the other hand, the vaguer consideration of economic, public health or national security interests did not appear to move the needle, and only a small subset of petitioners have pointed to their small business status, with limited success.

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Real-party-in-interest identification is poised to become increasingly important to the administration's policy against foreign government involvement in AIA proceedings.

Recent decisions also suggest heightened scrutiny of RPI disclosures, particularly where foreign government ownership is implicated.[18] However, challenges to RPI identification do not currently have a significant impact on discretionary denial rates — our data shows RPI-related challenges were raised in 29 proceedings, resulting in discretionary denial at a rate of 52%, which is on par with the overall rate.

Conclusion

Petitioners should consider adjustments to prefiling diligence and coordination between AIA and litigation strategies.

First, filing quickly is more important than ever. If parallel litigation will reach the close of discovery or complete claim construction by the institution deadline, discretionary denial may be unavoidable. The same is true if the court has set a trial date preceding the final written decision, which may be inevitable in some rocket docket forums.

Second — notwithstanding the need for speed — petitioners should conduct a thorough investigation of the original prosecution. Identifying new, invalidating prior art may not be enough. Petitioners who identify evidence that the patentee withheld material prior art, or demonstrate some meaningful examiner error, should see increased chances of merits review, even for senior patents. For the same reason, petitioners may want to prioritize the patentee's own prior art over other references.

Third, petitioners must be willing to make significant strategic calls potentially affecting trial early in litigation. A petitioner who can anticipate its claim construction positions and apply them consistently in its petition will likely be more successful in institution.[19]

Likewise, Squires' policies push petitioners toward choosing between trying invalidity in district court or before the PTAB, rather than treating the PTAB as a supplemental avenue.

Although filing a PGR has potentially enormous impact on parallel litigation — the broad estoppel effectively forecloses a district court invalidity defense — PGRs appear to be a petitioner's best shot, by a decent margin, of getting instituted. The PGR trade-off may be worth it, particularly if the district court is unlikely to grant a dispositive motion on invalidity and the invalidity defense is not jury-friendly.

Ultimately, while the administration has dramatically reduced the availability of AIA review, IPRs and PGRs appear to still be a viable mechanism under the right circumstances.

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[1] USPTO Director John A. Squires, "Director Institution of AIA Trial Proceedings" (Oct. 17, 2025).

[2] Apple Inc. v. Fintiv, Inc. , IPR2020-00019, Paper 11 (March 20, 2020) (precedential).

[3] Light & Wonder, Inc. v. Evolution Malta Ltd. , IPR2025-01072, -01073, -01078, Paper 30 (June 22, 2026) (precedential); Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha , IPR2016-01357, Paper 19 (September6, 2017) (precedential).

[4] USPTO Acting Director Coke Morgan Stewart, "Interim Processes for PTAB Workflow Management" (Mar. 26, 2025).

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[5] USPTO Director John A. Squires, "Additional Discretionary Institution Considerations - U.S. Manufacturing and Small Business Use of AIA Proceedings" (Mar. 11, 2026).

[6] Padagis US LLC v. Neurelis, Inc., IPR2025-00464, -00465, -00466, Paper 12 (July 16, 2025) (informative); Magnolia Medical Technologies, Inc. v. Kurin, Inc., IPR2026-00097, Paper 17 at 2 (May 14, 2026) (precedential).

[7] See, e.g., Dabico Airport Solutions, Inc. v. AXA Power APS, IPR2025-00408, Paper No. 21 (June 18, 2025) (designated informative Jan. 9, 2026).

[8] In 24 proceedings, Director Squires initially referred a petition for a merits consideration, but then later reversed course and discretionarily denied it (generally in view of subsequent developments in the parallel litigation). We have treated these proceedings as discretionary denials.

[9] See, e.g., Dabico Airport Solutions, Inc. v. AXA Power APS, IPR2025-00408, Paper No. 21 (June 18, 2025) (designated informative Jan. 9, 2026).

[10] Marlin Semiconductor Ltd. v. Taiwan Semiconductor Mfg. Co. Ltd., IPR2025-01082, Paper No. 11 (Feb. 3, 2026).

[11] Multi-Color Corp. v. Brook & Whittle Ltd., PGR2025-00025, Paper 10 (July 16, 2025) (precedential).

[12] Magnolia Medical Technologies, Inc. v. Kurin, Inc., IPR2026-00097, Paper 17 at 2 (May 14, 2026) (precedential).

[13] TikTok, Inc. v. Shopsee, Inc, IPR2025-01485, Paper 13 (January 16, 2026) (designated: May 13, 2026); Tesla, Inc. v. Intellectual Ventures II LLC, IPR2025-00340, Paper 18 (November 5, 2025); Ford Motor Company v. AutoConnect Holdings LLC ,IPR2025-01342, -01383, -01524, Paper 27 (May 12, 2026); Terumo BCT, Inc. v. Haemonetics Corp, IPR2025-01374, -01391, Paper 20 (May 12, 2026).

[14] Light & Wonder at 5–6; Magnolia at 4.

[15] Magnolia at 6, 8.

[16] Magnolia at 6.

[17] Id. at 4–6, 7–8; see also Tesla, Inc. v. Bulletproof Property Management, LLC, IPR2026-00204 Paper 14 (June 15, 2026) (informative).

[18] Tianma Microelectronics Co. v. LG Display Co., IPR2025-01579, Paper 12 (March 18, 2026).

[19] An apparent contradiction between claim construction positions may be squared in certain circumstances. See Tesla, IPR2025-00340, Paper 18 at 3–4 (an assertion of indefiniteness may be permissible if "Petitioner had shown that, notwithstanding the alleged indefiniteness of the claim term, an ordinarily skilled artisan would understand that the asserted art satisfies the claim limitation (such as if the limitation prescribed a range and only the outer bounds of the range were unclear).").

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