

# Still Unsettling: The Uncertain Landscape for Discretionary Denial

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**Recent PTAB rulings on ‘settled expectations’ have left legal practitioners guessing. Andrew Zappia of Troutman Pepper Locke breaks down the conflicting case law and outlines what clients must do to survive this shift in discretionary denial practice.**

In 2025, the U.S. Patent and Trademark Office (USPTO) introduced “settled expectations” as a new potential basis for discretionary denial in inter partes review (IPR) and post grant review (PGR) proceedings. Under this new doctrine, long-standing patents are presumed to have “settled expectations” regarding their validity, making such patents more difficult to challenge in IPR and PGR proceedings.

This doctrine is not only new, but also anything but settled. In practice, Patent Trial and Appeal Board (PTAB) rulings applying the doctrine have been not particularly consistent, making for an unpredictable landscape for petitioners, patent owners, and legal practitioners alike.

Now, the USPTO is taking steps that may result in more uniform settled expectations decisions – or even less clarity. On October 17, newly confirmed USPTO director John Squires issued a [memorandum](#) centralizing institution decisions under the director. A few weeks later, director Squires followed up by [issuing a batch of thirteen denials](#) with no written opinions, leaving petitioners and patent owners in the dark as to his reasoning. With Director Squires’ initial approach, it remains unclear if the “settled expectations” doctrine is being applied any differently.

## The Rulings

The first application of “settled expectations” came in *iRhythm Techs. Inc. v. Welch Allyn Inc.*, IPR2025-00363 (June 6, 2025). There, the PTAB issued a discretionary denial even though the *Fintiv* factors favored IPR institution. Acting Director Coke Morgan Stewart concluded that the patent’s long time since issuance and the petitioner’s delay in seeking review (10 months after being sued by the patent owner, despite petitioner’s prior knowledge of the patent), outweighed the *Fintiv* factors and justifying discretionary denial.

In a subsequent case (*Dabico Airport Solutions, Inc. v. AXA Power APS*, IPR2025-00408 (June 18, 2025), Stewart indicated that general patent age of six years from issuance would be sufficient for settled expectations to apply,

noting this time period aligns with the time period for which past patent infringement damages may be sought. However, the announcement of this standard has not brought clarity, but just more complexity and unpredictability.

### **Petitioners Cannot Rely on the Six Year Standard**

While acting director Stewart found settled expectations for a patent that had been issued 10 years earlier in *iRhythm*, and later referenced six years as a general guideline for settled expectations to apply, subsequent decisions have made it clear that six years is not safe guideline for petitioners seeking institution. Some petitions filed within six years of a patent's issuance have still been denied based on settled expectations (*Kahoot! AS v. Interstellar Inc.*, IPR2025-00696, July 31, 2025; and *Yangtze Memory Tech Co., Ltd. v. Micron Tech., Inc.*, IPR2025-00501, August 14, 2025). These rulings suggest that the age of the patent is one factor, but even if a petition is filed before six years from patent issuance, the PTAB still might find that settled expectation will defeat institution.

### **Petitioner's Lack of Knowledge Does Not Necessarily Overcome Settled Expectations**

There have been a few rulings that suggest that petitioners that have not been put on notice of potential infringement (constructive or otherwise) may potentially overcome a settled expectations finding. Acting director Stewart noted that settled expectations can be overcome if a patent has not "been commercialized, asserted, marked, licensed, or otherwise applied in a petitioner's particular technology space." (*Intel Corp. v. Proxense LLC*, IPR2025-00327, June 26, 2025). Based on this, patents in force for 10 and 12 years, respectively, were still subject to institution because the patents were never raised in the petitioners' technology spaces. (*Shenzhen Tuozhu Technology Co. Ltd. v. Stratasy, Inc.*, IPR2025-00531, July 17, 2025; *Home Depot U.S.A., Inc. v. H2 Intellect LLC*, IPR2025-00480, Sep. 4, 2025).

However, other decisions have reached the opposite conclusion. In one case, settled expectations were found, even though the petitioner had no prior knowledge of a patent that has issued eight years earlier. (*Dabico Airport Solutions, Inc. v. AXA Power APS*, IPR2025-00408, Jun. 18, 2025). Likewise, in another proceeding, the failure of a non-practicing entity to commercialize or assert a patent in the petitioner's technology space was not enough to overcome settled expectations "without more." (*Google LLC v. SoundClear Tech LLC*, IPR2025-00345, August 4, 2025).

### **Putting Patent Holders on Notice May Overcome Their Settled Expectations . . . But Timing Matters**

When the petitioner communicates with the patent owner regarding the patent at issue, and the patent owner takes no action, that can potentially defeat a settlement expectations argument. For example, settled expectations were not found when a patent owner waited 11 years after petitioner communicated about the patent and its activities to bring an infringement action, even though the patent at in question issued 13 years earlier. (*Apple Inc. v. Ferid Allani*, IPR2025-00856, Sep. 5, 2025). In contrast, when the petitioner only became aware of the patent at a later date and then communicated it did not believe a license was required, that was found insufficient to overcome what was terms strong settled expectations for patents that issued more than 9 years earlier. (*DataDome v. ArkoseLabs Holdings*, IPR2025-00693, Aug. 14, 2025). These examples show that a petitioner can defeat settled expectation if they take the initiative and communicate with the patent owner, but only if the patent owner delays after such communications, creating a risky scenario for petitioners.

## Additional Considerations

In addition to the factors and trends note above, acting director Stewart has also alluded to the following:

- Settled Expectations can apply based on extraordinary amounts of investment, time, and resources dedicated to research, development, trials, and regulatory approval. In the life sciences space, such evidence can support a finding of settled expectations, even for patents that have not been in force for an extended period. *Amgen Inc. v. Bristol-Myers Squibb Co.*, IPR2025-00601 (July 24, 2025).
- Settled Expectations might not apply if there are changes in law. Though not yet applied in practice, acting director Stewart has alluded to potentially overcoming settled expectations if there is a significant change in law that “directly bears on the patentability of the challenged claims.” *Intel Corp.*

## What Should Petitioners and Patent Owners Do?

The PTAB’s aggressive application of “settled expectations” doctrine has sparked a wave of mandamus petitions. Petitioners argue that the USPTO violated due process and the Administrative Procedure Act (APA) by changing the rules without notice-and-comment rulemaking and by applying the new doctrine to petitions filed before the announcement of the settled expectations doctrine.

However, for now, settled expectations remains as doctrine in use. Therefore, petitioners and patent owners should consider the following:

### 1. **Petitioners should file early when possible:**

Petitioners should monitor relevant patents and consider preemptive IPR or PGR filings before expectations become “settled.” However, depending on the facts and circumstances of a particular patent and petitioner’s business considerations, filing early may not always be beneficial or practical. It’s important to evaluate the unique facts and circumstances in each case.

### 2. **Petitioners should track patent owner activity:**

For petitioners, if the patent at issue has not been applied in the applicable technology space, gather clear evidence to support any IPR or PGR filing.

### 3. **Petitioners should document communications with patent owners:**

Similarly, petitioners should document any communications by or with patent owners or third parties, or other evidence that may support the petitioner’s settled expectations of non-enforcement. This can include the patent owner’s untimely response or failure to respond to petitioner’s communications regarding non-infringement, the expiration of the patent, or relevant changes in law.

### 4. **Patent owners should document petitioner’s knowledge of the patent:**

For patent owners facing an IPR challenge, present evidence that demonstrates the petitioners long-standing or constructive knowledge of the patent (including if the patent has been commercialized asserted, market, licensed or otherwise applied in the same technology space), the patent owner’s timely response to any communications from the petitioner, and any extraordinary investments of time, or resources dedicated to research, development, trials, and regulatory approval.

### 5. **Patent owners should document investments in the technology:**

For patent owners, showing substantial investment in the technology at issue can be used to support settled expectations even for patents that are less than six years old, especially in the life sciences space.

## Conclusion

Settled expectations as a basis for discretionary denial has significantly altered strategy considerations for petitioners and patent owners. While the doctrine appears to have been intended to protect investments and

promote stability, ironically its quick introduction and unpredictable application has created uncertainties and confusion. So “settled expectations” are for now anything but.

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