Revision to Rules of Practice Before the PTAB

Council for Innovation Promotion (C4IP)

CONGRESSIONAL INTENT

The changes made by [the AIA] are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent.

H.R. Rep. No. 112-98, pt. 1, at 48 (2011)

The same concern is repeated throughout the record

"A few words about second window: opening up a second window for administrative challenges to a patent only makes sense if defending a patent in such proceedings is not unduly expensive, and if such proceedings substitute for a phase of district-court litigation. If second-window proceedings are expensive to participate in, a large manufacturer might abuse this system by forcing small holders of important patents into such proceedings and waiting until they run out of money."

S. Rep. No. 110-259, at 66 (2008) (Additional Views of Sen. Specter, joined with Minority Views of Sens. Kyl, Grassley, Coburn & Brownback)

THE PROBLEM CONGRESS ANTICIPATED

Duplication is the pattern, not the exception

80%+

of IPRs have co-pending district court litigation in which the petitioner is also challenging validity.

USPTO, 90 Fed. Reg. 48,335

54%

of all IPR petitions are one of multiple petitions against the same patent, counting every challenger.

USPTO Multiple Petitions Study, Oct. 2025

35%

are follow-on challenges — a patent an earlier petition had already targeted.

Same study

56%

of Apple's petitions challenged claims it had already challenged. Over one-third for each of the other top-five filers.

Carlson & Schultz (2018)

THE BURDEN IN PRACTICE

What duplication costs

Parallel proceedings between district courts / ITC and the PTAB

More than 80% of IPRs run alongside district court litigation in which the petitioner is also challenging validity, so the two proceedings address the same prior art under §§ 102 and 103. But the PTAB and the district courts apply different burdens of proof. Counsel must brief the same references twice to different standards — and keep the two sets of arguments from contradicting each other, which is its own line item.

Multiple petitions against the same patent at the PTAB

Each additional petition is a separate record: another preliminary response, another set of expert declarations, another schedule to defend. And prevailing settles nothing as to anyone else — § 315(e) estoppel binds only the petitioner, its real parties in interest and privies, and only after a final written decision. The patent owner absorbs the full cost of each round while the next challenger begins unaffected by the last.

Co-pending litigation share: USPTO, 90 Fed. Reg. 48,335. Burdens of proof: 35 U.S.C. §§ 282, 316(e). Estoppel: 35 U.S.C. § 315(e).

WHO BEARS THE COST

The burden affects small innovators

Small-entity status at the time of grant is important. For a small company a patent is not only a right to exclude; it is a transferable asset. The company may not succeed; the patent is what outlives it — licensed, pledged as collateral, or sold.

It is that possibility of an exit that makes the initial investment attractive, and less risky. Investors price it in before the first dollar is spent. Make a patent easy to cancel years later and you devalue the exit — and with it the investment that depended on it. That a patent later changes hands is the market working, not evidence that its owner was never small.

> *"When a large company is free to copy a patented invention because it believes it can invalidate the patent through multiple validity challenges, the large company's other advantages … will often give it an edge over smaller competitors. Thus, weakened patent rights can contribute to market concentration in innovative industries." — the Office, in this rulemaking*

30% of patents challenged in IPR were granted to small entities — against 16% of a matched control group of comparable patents.

+55% employment growth five years out for startups that win a first patent, against otherwise similar applicants who did not.

+80% sales growth over the same period. The mechanism is access to venture, bank and public funding.

Small-entity share: USPTO, Patent Litigation and USPTO Trials 36 (Jan. 2015) (1,014 petitioned patents against a matched control group; entity status as the Office records it, measured identically for both groups). Growth: Farre-Mensa, Hegde & Ljungqvist, NBER Working Paper 23268 (2018). Quotation: 90 Fed. Reg. 48,335 (Oct. 17, 2025).

THE COST OF DEFENDING

What a PTAB defense costs

Electrical and computer matters	Median	Upper quartile
Through filing the petition	$150,000	$178,000
Through end of motion practice	$250,000	$338,000
Through the PTAB hearing	$350,000	$450,000
Through appeal	$500,000	$713,000

Mechanical matters track closely: $350,000 through hearing and $500,000 through appeal at the median, $458,000 and $700,000 at the upper quartile.

Filing costs less than defending. Four in ten practitioners surveyed reported that the cost of filing a petition is a fraction of the cost of defending one — a median of 77% of it. The other six in ten said the two are about the same. Either way the defense is not the cheaper side of the case — and challengers choose whether, when, and how often to file petitions.

The same number means different things. A $350,000 defense is a line item for a company with a standing litigation budget. For a company with one product and one patent, it is the whole year.

And it may be paid more than once. Section 315(e) estoppel binds only the petitioner, its real parties in interest and privies, and only after a final written decision. But multiple petitions are frequently filed against a patent before any estoppel attaches to any party. Each further petition means another preliminary response, another set of expert declarations, another schedule to defend. Three petitions carried to hearing at the median electrical and computer figure approach $1 million — against a patent the Office has already examined.

AIPLA, Report of the Economic Survey 2023, at 72 (estimated total cost of filing or defending a PGR/IPR — electrical/computer) and 73 (mechanical) and I-186 (Q46B). Respondent counts run from 22 to 28 per stage. The three-petition figure is arithmetic on the median, offered as illustration.

EXTRA

How the proposal would limit duplication

§ 42.108(d)

Stipulation

If IPR begins, the petitioner and related parties forgo §§ 102–103 challenges to the patent in other proceedings.

§ 42.108(e)

Prior decisions

Bars IPR after specified favorable claim determinations in court, the ITC or the USPTO.

§ 42.108(f)

Parallel proceedings

Bars IPR when a listed trial or determination is more likely than not to precede the IPR decision deadline.

§ 42.108(g)

Extraordinary circumstances

Allows the Director to institute despite those bars in specified exceptional circumstances.

The design is channelling, not closing. Each provision operates at institution and maintenance, and each is aimed at a form of duplication rather than at the merits of a challenge. Paragraph (g) preserves the Director’s ability to reach a case the bars would otherwise foreclose.

Proposed text: 90 Fed. Reg. 48,335, 48,341 (Oct. 17, 2025), proposed 37 C.F.R. § 42.108(d)–(g). Summary of the proposal, not of an effective regulation.

THE DIRECTOR'S AUTHORITY

The statute reinforces that Congress intended for the Director to promulgate rules for institution

35 U.S.C. § 316(a)(2)

"setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a)"

Congress directed the Director to set institution standards by regulation. It would not have done so if § 314(a)'s threshold were automatically meant to be the whole of the inquiry — the statute contemplates that the Director will add to the statutory requirements.

35 U.S.C. § 316(a)(4)

"establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title"

An express grant of authority over the relationship between IPR and other proceedings. That is precisely what proposed sections 42.108(e) and (f) address.

THE STATUTORY CHECKLIST

The four factors § 316(b) requires

“In prescribing regulations under this section, the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.”

The economy	Duplicative proceedings consume real resources. Reliable patents support the long-horizon investments the patent system exists to induce.
Integrity of the patent system	A patent that survives review at the Office should mean something. Repeated administrative attacks on the same claims by successive challengers erode the grant itself.
Efficient administration of the Office	Every instituted trial occupies three administrative patent judges to re-examine a patent the Office already examined. These costs are multiplied if the same patent is subsequently challenged by another petition or in an ex parte reexamination.
Timely completion of proceedings	The Office has an interest in ensuring that PTAB resources can adequately handle appeals from patent prosecution as well as IPRs and PGRs. With recent reforms in place, ex parte appeal pendency fell from about 28 months in May 2025 to roughly 9 months by March 2026.

WHAT THE COURTS HAVE SAID

The Director's discretion is settled — the rule adds transparency and stability

"The decision whether to institute inter partes review is committed to the Director's discretion."

Oil States Energy Servs. v. Greene's Energy 584 U.S. 325 (2018)

"§ 314(a) invests the Director with discretion on the question whether to institute review"

SAS Institute Inc. v. Iancu 584 U.S. 357, 366 (2018)

"the PTO is permitted, but never compelled, to institute an IPR proceeding"

Harmonic, Inc. v. Avid Tech. 815 F.3d 1356, 1367 (Fed. Cir. 2016)

"When a statute leaves a benefit to the discretion of a government official, no protected property interest in that benefit can arise."

In re Motorola Solutions, Inc. No. 2025-134 (Fed. Cir. Nov. 6, 2025)

A statute would be more durable still. C4IP supports the PREVAIL Act, which would place limits of this kind in the Patent Act itself — beyond the reach of any future change of view at the Office, and with the permanence a rulemaking cannot supply.

WHAT THE RULE DOES NOT DO

Review remains available — through the channels Congress built for it

Ex parte reexamination is available

"Any person at any time may file a request for reexamination," 35 U.S.C. § 302. No standing requirement, no time bar, and no need to have been sued. The Office has granted 92.7% of the requests filed since 1981 through FY2025.

And it is being used

336 requests in the second quarter of 2026 — the highest quarterly total on record, and 148.9% above the year before.

Post-grant review — regulations unchanged

The proposal amends § 42.108, which governs IPR institution. It leaves § 42.208 alone. PGR remains open to any person within nine months of grant, on any ground available under § 282(b)(2)–(3) — including §§ 101 and 112, which an IPR cannot reach.

Grant rate: USPTO, Ex Parte Reexamination Historical Statistics (as of Sept. 30, 2025). Filing volumes: Unified Patents, Patent Dispute Report: First Half 2026 (July 9, 2026).

WHY THOSE CHANNELS FIT THE PURPOSE

Those channels do what an IPR cannot

Post-grant review comes early	Within nine months of grant — often before licenses are taken, capital is committed and products are designed around the claim. The Board has said as much itself, holding in a precedential decision that PGR petitions are “favored” because they “occur before expectations in the patent rights are strongly settled.” The same question reopened years later unsettles everything built in between.
Reexamination corrects scope	Examiner and owner continue to engage the claims against the art, and the result is usually a patent that better fits what the disclosure supports. Of the 13,126 certificates issued since 1981, 63.3% changed claims — more than all-claims-confirmed (22.2%) and all-claims-cancelled (14.5%) together. That sort of calibration has not been achievable in practice in an IPR.
The amendment Congress promised, and IPR has not delivered	Section 316(d) gave patent owners the right to amend in an IPR. But in practice the right has proven largely illusory: amendments are rarely sought and rarely granted. The proceeding returns a verdict where Congress provided for a repair.

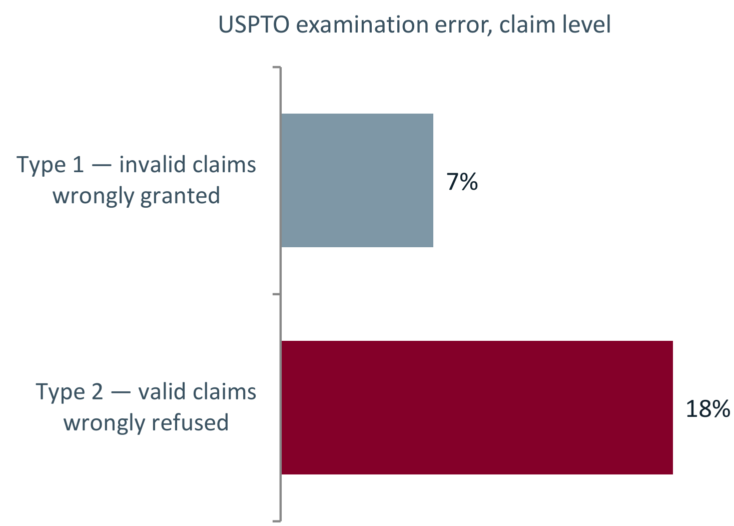
Post-grant review: Multi-Color Corp. v. Brook & Whittle Ltd., PGR2025-00025 (P.T.A.B. July 16, 2025) (designated precedential Jan. 2026). Reexamination outcomes: USPTO, Ex Parte Reexamination Historical Statistics (13,126 certificates, July 1, 1981 – Sept. 30, 2025). Amendment: 35 U.S.C. § 316(d); USPTO, PTAB Motion to Amend Study, Installment 9 (data through Mar. 31, 2024) — motions to amend were filed in 802 of 8,656 trials (about 9%) and granted or granted in part in 87 of 508 decided (17%; 24% under the amendment pilot made permanent Oct. 18, 2024).

EXAMINING THE EVIDENCE OFFERED AGAINST THE RULE

Claims of a patent-quality crisis overstate the problem

The claim rests on a textbook measurement error. Patents that reach adjudication are not a random sample — they are the commercially valuable ones whose validity someone thought worth contesting. Litigation theory since Priest and Klein (1984) predicts that clear cases settle and that adjudicated win rates therefore cluster near 50%, whatever the underlying population looks like. District-court invalidity rates of roughly 46% are what that model predicts. They are not a measurement of how many patents are invalid.

Measured directly, the picture reverses. The Sunwater Institute's 2024 study applied economic modeling and machine learning to roughly 55 million claim decisions across 980,000 applications. It found the Office grants invalid claims in single digits — and rejects valid ones more than twice as often. Both errors harm innovation; only one gets discussed.



Litigated-patent invalidity rate: J. Allison & M. Lemley, Empirical Evidence on the Validity of Litigated Patents, 26 AIPLA Q.J. 185 (1998) (138 of 300 final validity decisions, 1989–96). Error rates: Sunwater Institute, Patent Quality in the United States (Sept. 2024), reporting Matcham & Schankerman (2023).

MOVING FORWARD

C4IP urges the rule's finalization

1 Credit the process the Office ran.

Notice-and-comment rulemaking, a comment period the Office extended by two weeks so every stakeholder could be heard, more than 11,000 comments received and reviewed, and a three-part public listening series convened by the Director and Deputy Director — on top of the four factors § 316(b) directs the Director to weigh. This is the deliberative record the statute asks for, and the Office built it.

2 Weigh the comments, rather than counting them.

Technology with broad utility is used by many firms, so those with an interest in challenging it will nearly always outnumber those that created it. A tally of supporters and objectors may say more about how widely an invention is practiced than about the rule's soundness. The government's interest lies in ensuring that innovators behind critical technologies can earn a fair return on work the economy already values.

3 Finalize the rule.

It is the exercise of an express delegation. Section 316(a)(2) directs the Director to set institution standards by regulation, and § 316(a)(4) gives him authority over the relationship between IPR and other proceedings. A finalized rule will improve the transparency and consistency of the institution phase of IPRs.

Council for Innovation Promotion C4IP

ONE ADDITIONAL POINT

A stay is not a costless answer

58%

of contested stay motions were granted, 2011–16.

53%

of contested stay motions were granted by 2019.

2+ years

the wait before a stayed patent owner begins to get its day in court, while the accused infringement continues.

A stay is the answer usually offered to the cost of parallel proceedings. It does not remove the burden — it moves it. Where the patent owner opposes a stay, it loses more often than not, and the proceeding it opposed is the one that then goes first. Where the stay is denied, both proceedings simply run. Unopposed stays tell you nothing about burden, because both sides wanted them; the contested rate is the meaningful figure. Neither outcome is the efficiency the AIA promised.

A. Layne-Farrar, The Other 30 Percent: An Economic Assessment of Duplication in PTAB Proceedings and Patent Infringement Litigation (Charles River Associates, 2017); Sterne Kessler, Success of Motions to Stay Rising, But Why? (2019–20). Both series predate the current institution practice; the trend in grant rates has been upward.