

IPR Decisions Clarify Stewart's 'Settled Expectations' Factor

By **Theodore Rand, Alexander Stein and Liya Levin** (July 25, 2025, 6:00 PM EDT)

On June 6, the U.S. Patent and Trademark Office's acting director, Coke Morgan Stewart, discretionarily denied institution of an inter partes review in *iRhythm Technologies Inc. v. Welch Allyn Inc.* based on a new consideration — "settled expectations," that is, the length of time that the challenged patent had been in force.

Stewart has since issued more discretionary denial decisions that have begun to illuminate the contours of this new factor. One such decision was *Dabico Airport Solutions Inc. v. AXA Power APS* on June 18, in which she discretionarily denied an IPR petition under the new factor, finding that the challenged patent had issued more than eight years ago.

No Notice Required of Patents or Potential Infringement by Petitioner for Expectations to Settle

Unlike in *iRhythm*, in *Dabico*[1] Stewart did not rely on any actual notice by the petitioner of (1) the patent or any of its related applications or (2) possible infringement.[2] Moreover, she stated that actual notice is not required in determining settled expectations since patent applications are available to the public 18 months after the earliest priority date.

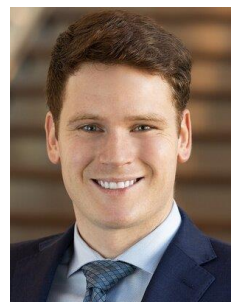
Petitioner May Be Encouraged to Consider Discretionary Denial Factors Not Raised by Patent Owner

In *Dabico*, neither the petitioner nor the patent owner raised a settled expectations argument, but Stewart nevertheless found expectations sufficiently settled to merit a discretionary denial.

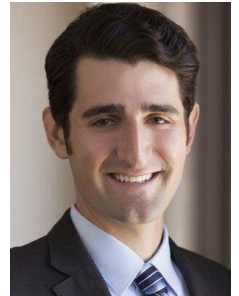
As such, even if a patent owner does not raise the settled expectations argument, it appears that petitioners should still consider addressing this new factor in their briefs opposing discretionary denial under the new bifurcated discretionary denial briefing procedures.

No Bright-Line Rules, but Some Lines May Be Forming

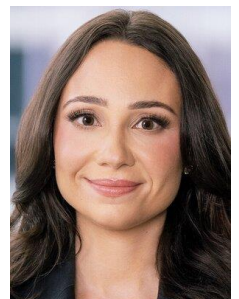
Stewart noted that "[a]lthough there is no bright-line rule on when expectations become settled ... the



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longer the patent has been in force, the more settled the expectations should be." [3] She went on to compare the time between issuance and the petition to the six-year statutory limit on damages for filing infringement lawsuits. [4]

Other Cases Since Dabico

While this case is independently significant, several subsequent decisions illuminate the contours of settled expectations further.

On June 26, Stewart declined to discretionarily deny a petition in *Zimmer Biomet Holdings Inc. v. Lifenet Health*, noting that "one of the challenged patents has not been in force for a significant period of time (issued in 2022) and the other patent is a parent of the first." [5]

She went on to reason that since the patent owner had not developed settled expectations as to the recently issued patent, it would be an efficient use of the board's time to address the related patent. [6]

In another decision in *Cambridge Industries USA Inc. v. Applied Optoelectronics Inc.* on June 26, Stewart reviewed challenges to five patents and found that the patents fell into two buckets with respect to settled expectations.

She found that settled expectations applied to two of the patents, which were seven and nine years old, respectively. [7] But she found that with respect to the other patents, which were all issued in either 2019 or 2020, settled expectations had not yet set in. [8]

In one other denial decision in *Intel Corp. v. Proxense LLC* on June 26, Stewart newly explained that other circumstances can unsettle the settled expectations based on time in force alone.

These other circumstances include "a significant change in law [that] may have occurred since the patent issued, and a petitioner can explain how that change in law directly bears on the patentability of the challenged claims," or where "a patent may have been in force for years but may not have been commercialized, asserted, marked, licensed, or otherwise applied in a petitioner's particular technology space." [9]

That said, she noted that absent such circumstances, the board is "disinclined to disturb the settled expectations of Patent Owner." [10]

On June 23, a mandamus petition was filed with the U.S. Court of Appeals for the Federal Circuit challenging Stewart's retroactive application of a binding rule change to vacate the institution of IPRs through the discretionary denial process. [11] The mandamus petition further alleges that this was in violation of the Administrative Procedure Act and the U.S. Constitution's due process protections. [12]

There have been at least three mandamus petitions filed based on Stewart's recent discretionary denial decisions, and the Federal Circuit's handling of these cases could influence discretionary denial policy going forward.

Refusal of Discretionary Denial Based on Settled Expectations

In one other recent decision, in *POSCO Co. Ltd. v. ArcelorMittal* on June 25, Stewart refused to discretionarily deny an IPR petition based on a petitioner's argument related to the new settled

expectations factor, arguing that the patent owner's claims were "highly vulnerable to invalidation based on prior art" since the petitioner was successful in invalidating all of the claims to a parent of the patent that was challenged in the IPR petition at issue.[13]

Stewart noted that "[t]he fact that the Board previously determined related claims to be unpatentable — prior to the issuance of the challenged claims in this proceeding — tips the balance against discretionary denial," harkening to the USPTO's duty to "provide consistency and predictability to the public." [14]

Thus, while the settled expectations doctrine has been generally unfavorable to petitioners, this decision shows that petitioners may be able to use it as a tool to prevent discretionary denial in cases where other issued patents in the family had been invalidated, particularly when the findings of invalidity took place before the issuance of the patent challenged in the IPR.

Additional Takeaways

These recent decisions are beginning to define the contours of the new settled expectations factor for discretionary denials at the PTAB, which help inform certain practice considerations.

The decisions inform whether or not it is worth petitioning for IPR if the patent at issue has been in force for more than six years. The lowest threshold we have seen is roughly seven years, and Stewart said that there is no bright-line rule on time, but she did mention the statutory six-year limit on infringement damages as a basis for her settled expectations threshold. Thus, it is possible that she may be willing to lower the bar all the way to six years.

Assuming the patent has not been enforceable for six or more years, the patent owner should still raise the settled expectations factor, even if the petitioner did not have actual notice of a patent or infringement, as this is no longer a rigid requirement. On the other hand, the petitioner should address settled expectations regardless of whether it is raised by the patent owner since Stewart will consider this factor regardless of whether the parties raise the issue.

Of note, petitioners should consider demonstrating that, regardless of the length of time in force for a patent, expectations are unsettled using some of the circumstances identified by Stewart, including:

- A change in the law occurring after a patent has been issued and affecting the patent in some way; or
- A patent, despite being issued over six years ago, not being commercialized, asserted, marked, licensed or otherwise applied in the petitioner's technology sector.

We also have not yet seen discretionary denials based on other factors that were recently added to the discretionary denial framework. Patent owners should consider applicability of any of the other new factors introduced by Stewart's interim guidance, e.g., reliance on expert testimony, compelling economic, public health or national security interests.

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[1] Dabico Airport Sols. v. AXA Power ApS, IPR2025-00408, paper 21 (June 18, 2025).

[2] Dabico at 3 (noting that "actual notice of a patent or of possible infringement is not necessary to create settled expectations").

[3] Id.

[4] 35 USC § 286 ("Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.").

[5] Zimmer Biomet Holdings, Inc. v. Lifenet Health, IPR2025-00248, paper 13 at 2-3 (June 26, 2025).

[6] Id. at 3.

[7] Cambridge Indus. v. Applied Optoelectronics Inc., IPR2025-00433, 00435, paper 11 at 2-3 (June 26, 2025).

[8] Cambridge Indus. v. Applied Optoelectronics Inc., IPR2025-00434, 00436, 00437, paper 11 at 2-3 (June 26, 2025).

[9] Intel Corp. v. Proxense LLC, IPR2025-00327, 00328, 00329, paper 12 at 2-3 (June 26, 2025).

[10] Id. at 3.

[11] In re: Motorola, No. 25-____, at *14 (June 23, 2025) (Pet. for Writ of Mandamus).

[12] Id.

[13] POSCO Co. Ltd. v. ArcelorMittal, IPR2025-00370, 00371, paper 10 (June 25, 2025).

[14] Id. at 3.