

Key Issues To Watch As USPTO Changes Abound

By **Maria Doukas, Alexander Stein and Jacob Peterson** (March 31, 2025, 2:13 PM EDT)

As 2025 unfolds, changes across the patent landscape are developing. From agency leadership transitions to proposed legislation and evolving policies related to artificial intelligence, these shifts could affect patent prosecution, postgrant proceedings, and strategic considerations for companies and practitioners.

This article provides a high-level overview of key developments affecting proceedings at the U.S. Patent and Trademark Office, including leadership and operational changes, legislative initiatives, and policy revisions.

Leadership changes at the USPTO signal a shift toward an approach that is friendlier to patent owners. However, accompanying operational adjustments — such as hiring freezes and revised Patent Trial and Appeal Board practices — introduce new challenges. Companies and practitioners should consider monitoring developments — including legislative initiatives on patent eligibility and PTAB proceedings, as well as evolving AI policies — to effectively navigate the changing patent landscape.

Leadership and Operational Changes at the USPTO

On the first day of the new presidential administration, Coke Morgan Stewart was sworn in as acting director of the USPTO, and on Feb. 18, the U.S. Senate confirmed Howard Lutnick as secretary of the U.S. Department of Commerce.

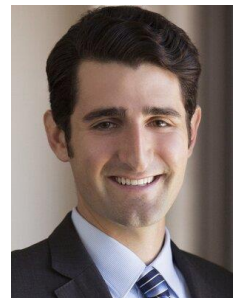
Most recently, on March 11, John Squires was nominated as the new director of the USPTO. Should Squires be confirmed, Stewart would then serve as deputy director.

Lutnick is expected to bring a pro-business, patent-owner-friendly face to USPTO leadership. He has pledged to reduce the backlog of patent applications before the USPTO — a commitment welcomed by applicants given that the current USPTO backlog averages a total pendency of 26.2 months (measuring the time from filing to final disposition).[1]

However, efforts to reduce delays may be hindered by operational changes. The new administration's hiring freeze has led to canceled job postings and rescinded offers for new patent examiners. Additionally, the return-to-office mandate may prompt examiner resignations, including in supervisory roles, further straining the USPTO's ability to address its backlog.



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The USPTO's revised fee schedule,[2] which took effect on Jan. 19,[3] may help alleviate backlog concerns by influencing patent-application filing strategies. New fees specifically targeting applications that claim benefit from filings older than six years could discourage some applicants from pursuing additional continuing applications.

Patent applicants interested in accelerating application timelines can take proactive steps to reduce potential wait times by utilizing the USPTO's Track One prioritized examination. While the Track One program has limitations (e.g., fees and limitations on the number of claims),[4] USPTO data for fiscal year 2025 shows that this option provides significantly faster examination timelines compared to traditional patent filings.[5]

In line with the federal government's return-to-office mandate, the USPTO recently announced that, effective March 14, PTAB judges will conduct virtual hearings from a PTAB hearing room at a USPTO office unless special circumstances justify an alternative arrangement. This change appears to encourage a return to in-person PTAB hearings, and has also raised concerns about judge retention, particularly for those judges who had been working remotely.

Therefore, as with the outlook for patent application pendency reductions, practitioners before the PTAB should expect some bumps in the road as the USPTO's new leadership rolls out changes, and as practitioners and agency personnel alike adapt to those changes.

Legislative Initiatives

With the shift to a patent-owner-friendly regime, several legislative initiatives are gaining attention. Among them are the Promoting and Respecting Economically Vital American Innovation Leadership, or Prevail, Act, and the Patent Eligibility Restoration Act, or PERA. Both bills, if passed, could introduce significant changes to USPTO proceedings.

According to a fact sheet from the bill's sponsor, Sen. Chris Coons, D-Del., the Prevail Act aims to reform "rules and procedures at the Patent Trial and Appeal Board (PTAB) to better secure and advance U.S. technological leadership." [6] Initially introduced in July 2023, the bill received a manager's amendment in November 2024 and was later approved by the Senate Judiciary Committee. A key provision of the legislation is to implement stricter standing requirements to limit the number of petitions filed before the PTAB.

As originally drafted, the Prevail Act restricted PTAB challenges to entities that had been sued, or those that faced the threat of a patent infringement lawsuit. However, concerns raised by some senators led to revisions in the November 2024 amendment, expanding eligibility criteria.

The revised version now allows standing for entities currently engaging in, or having a bona fide intent to engage in, conduct that could reasonably be accused of infringement. It also extends standing to tax-exempt nonprofits, provided they meet specific conditions designed to prevent conflicts of interest with for-profit companies.

While the Prevail Act may impose new limits on PTAB proceedings, PERA seeks to "restore patent eligibility to inventions across many fields," according to a September 2024 press release from the bill's sponsors, Reps. Kevin Kiley, R-Calif., and Scott Peters, D-Calif. [7] As explained by a PERA fact sheet from Kiley, the bill aims to clarify U.S. Supreme Court patent eligibility precedent by "retaining Section 101's

existing statutory categories for patent-eligible subject matter" and by "replacing the ambiguous judicially created exceptions with more clearly defined exceptions." [8]

If enacted, these bills could reshape not only PTAB proceedings, but also broader aspects of patent law, including how the USPTO evaluates patent eligibility during prosecution.

PTAB Discretionary Denial Policy Revisions

In proceedings before the PTAB, the board has discretion to deny institution of inter partes review or postgrant review petitions in view of a parallel proceeding involving the same patent. In evaluating whether to exercise this discretion, the PTAB considers six factors — known as the Fintiv factors — established in the PTAB-precedential *Apple Inc. v. Fintiv Inc.* decision **in 2020**. [9]

In 2022, then-acting USPTO Director Kathi Vidal issued a memorandum on interim procedure for discretionary denials in America Invents Act postgrant proceedings with parallel district court litigation.

The memo stated that discretionary denials should not be issued (1) where the petition presented "compelling merits" of unpatentability, (2) where the parallel proceeding was in the U.S. International Trade Commission, and (3) where the petitioner filed a Sotera stipulation. The memo also stated the board should consider median time-to-trial statistics in the district court for the parallel litigation when determining whether to discretionarily deny the petition.

On Feb. 27, 2023, Vidal issued a precedential decision in *CommScope Technologies LLC v. Dali Wireless Inc.* clarifying that the "compelling merits" determination referenced in the memo should not serve as a substitute for a Fintiv analysis. Instead, Fintiv Factors 1 through 5 must first favor discretionary denial before the board evaluates the compelling merits question. [10] If compelling merits are found, the board must provide "reasoning sufficient to allow the parties to challenge that finding and sufficient to allow for review of the Board's decision." [11]

This memo, even after the subsequent clarification in the *CommScope* ruling, resulted in a decrease in the number of Fintiv denials.

On Feb. 28, 2025, the USPTO rescinded the memo — stating that, to the extent any PTAB or director review decisions relied on it, those portions are no longer binding on the PTAB. As a result, practitioners and companies should anticipate a rise in Fintiv denials, potentially reaching levels seen before the 2022 memo was issued. These changes also merit close consideration in evaluating whether and when to request PTAB review of patents that are also involved in a parallel proceeding.

AI Policy Revisions

Policy revisions related to AI may also affect the USPTO in 2025.

The USPTO's website currently provides a list of the existing USPTO guidance and training materials on AI-related issues. [12] These materials are categorized into several key areas: (1) guidance on practitioner use of AI; (2) inventorship; (3) subject matter eligibility; (4) compliance with Title 35 of the U.S. Code, Section 112; and (5) the Artificial Intelligence Patent Dataset.

Many of these guidance materials stem from President Joe Biden's Executive Order No. 14110 on the safe, secure, and trustworthy development and use of AI. [13] This includes 2024 guidance from the

USPTO on the use of AI-based tools before the board, which "inform[ed] practitioners and the public of the important issues that patent and trademark professionals, innovators, and entrepreneurs must navigate while using Artificial Intelligence (AI) in matters before the USPTO." [14]

It also includes 2024 USPTO inventorship guidance for AI-assisted inventions, which provided clarity for USPTO stakeholders and personnel on how the USPTO would analyze inventorship issues as AI systems continue to play a greater role in innovation. [15]

On Jan. 20, 2025, the new Trump administration revoked Executive Order No. 14110. Shortly after, on Jan. 23, President Donald Trump **issued** Executive Order No. 14179 on removing barriers to American leadership in AI. [16] This order calls for an immediate review of "all policies, directives, regulations, orders, and other actions taken pursuant to the revoked Executive Order 14110." [17]

Given this evolving regulatory landscape, AI-driven companies should closely monitor the USPTO for forthcoming guidance to stay prepared for likely policy shifts and strategic adaptations that may result.

Conclusion

In sum, 2025 looks like a busy year for changes at the USPTO. The new leadership, operational changes, legislative initiatives and AI-related policies may all influence USPTO proceedings, including efforts to prosecute patents and adversarial proceedings before the PTAB.

While the full impact of these evolving factors remains uncertain, practitioners and companies should stay informed, remain vigilant for additional patent-owner friendly changes, and remain ready to adapt to the shifting patent office landscape.

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[1] Patents Pendency Data January 2025, USPTO.

[2] USPTO Fee Schedule.

[3] Summary of 2025 Patent Fee Changes.

[4] 37 CFR 1.102(e), "A request for prioritized examination under this paragraph (e) must comply with the requirements of this paragraph (e) and be accompanied by the prioritized examination fee set forth in § 1.17(c), the processing fee set forth in § 1.17(i), and if not already paid, the publication fee set forth in § 1.18(d). An application for which prioritized examination has been requested may not contain or be amended to contain more than four independent claims, more than thirty total claims, or any multiple dependent claim."

[5] Patent Track One Data January 2025, USPTO, noting the average number of months from filing a petition for Track One to the date of mailing the Track One petition grant is 1.4 months, and the average time from the petition grant to final disposition is 4.5 months.

[6] The Prevail Act Will Help Ensure U.S. Global Technology Leadership and Protect Economic and National Security.

[7] Representatives Kiley, Peters Introduce the Patent Eligibility Restoration Act (2024).

[8] Patent Eligibility Restoration Act (PERA) Would Provide Clear, Predictable Rules for What Inventions Are Eligible for Patents.

[9] IPR2020-00019, Paper 11, PTAB (Mar. 20, 2020).

[10] IPR2022-01242, Paper No. 23, PTAB (Feb. 27, 2023).

[11] Id.

[12] AI-Related Resources, USPTO.

[13] Executive Order 14110, 88 FR 75191 (Nov. 1, 2023).

[14] Guidance on Use of Artificial Intelligence-Based Tools in Practice Before the United States Patent and Trademark Office, USPTO, Federal Register (Apr. 11, 2024).

[15] Inventorship Guidance for AI-Assisted Inventions, USPTO, Federal Register (Feb. 13, 2024).

[16] Removing Barriers to American Leadership in Artificial Intelligence, the White House (Jan. 23, 2025).

[17] Id.