

Publications

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USPTO Expands PTAB Discretion to U.S. Manufacturing and Small Business

Key Takeaways

- The USPTO has formally expanded its discretionary framework. As of March 11, the Director will consider U.S. manufacturing footprint and small business status when deciding whether to institute IPR and PGR proceedings, for cases where the patent owner's discretionary brief deadline has not yet passed.
- The Director is now weighing domestic investment and supply chain footprint, a shift that embeds real-economy policy considerations into institution decisions and could influence close cases.
- Petitioners and patent owners alike should build an early evidentiary record on U.S. manufacturing activity and small business eligibility and integrate those facts into their overall discretionary narrative.

USPTO Director John A. Squires issued a short policy memorandum on March 11 adding U.S. manufacturing footprint and small business status as explicit considerations in the Director's discretionary analysis of whether to institute inter partes review (IPR) and post-grant review (PGR) proceedings.

This update is best understood as the next incremental step in the post-2025 discretionary institution framework — a framework that has moved well beyond “classic”

Fintiv timing/overlap questions and now routinely incorporates broader reliance, efficiency and policy considerations. While the March 11 memo is not a wholesale recalibration of discretionary denials, it gives petitioners a new hook for potentially surviving discretionary denials and may signal a slight shift in the pendulum toward granting more petitions.

What Changed on March 11

Director Squires announced that, when deciding whether to institute IPRs/PGRs, the Director will consider:

1. The extent to which products accused of infringement in a parallel proceeding are manufactured in the United States or are related to investments in American manufacturing operations;

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2. The extent to which the patent owner's competing products are manufactured in the United States; and
3. Whether the petitioner is a small business that has been sued for infringement of the patent at issue.

The memo also adds practical guidance on *what counts* as U.S. manufacturing/investment and how small business status will be evaluated:

- The Director will look beyond final assembly to include U.S.-made components and situations where products made in the U.S. are sent abroad for further processing.
- For method claims, the “relevant product” is the device used to carry out the method (e.g., a computer for a method of operating a computer).
- For “small business,” the Director will consider facts the parties raise, including SBA size standards and 37 C.F.R. § 1.27(a) (reduced-fee eligibility).

The memorandum applies to IPRs and PGRs where the patent owner discretionary brief due date has not yet elapsed.

Why These New Factors Matter in the Bigger Discretionary Picture

Discretionary institution decisions are now functioning as a policy gatekeeper, not merely a docket-management tool tethered to parallel litigation schedules. The changes from March 2025 and October 2025 centralized institution decisions at the Director level and expressly broadened the set of discretionary considerations to include settled expectations, changes in law, expert reliance and macro-level policy interests (economic, public health, national security).

The March 11 memo is notable because it connects “investment” to the real economy, not just litigation timing or the passage of time. Historically, “investment” in the discretionary context often meant (i) court/party investment in a parallel proceeding (*Fintiv* factor 3) and (ii) reliance-type “settled expectations” that the Director has increasingly treated as meaningful once a patent has been in force for years (often argued around a six-year benchmark).

Now, the Director is explicitly inviting parties to brief a different kind of investment: domestic manufacturing operations and supply-chain footprint. That is a meaningful rhetorical and strategic shift, even if it will often operate as a “plus factor” rather than a standalone dispositive rule.

Finally, the memo reinforces a reality PTAB practitioners have been living with since 2025: discretionary outcomes are increasingly driven by case-specific factual showings made early, on a tight briefing schedule, and often in an environment where routine institution decisions may come as summary notices. The practical consequence is that discretionary briefing is becoming more like a mini-record-building exercise — and manufacturing footprint / small business status are exactly the type of issues that can swing outcomes when the Director views a case as otherwise close.

Practical Guidance: How to Brief this Effectively

For patent owners:

- Develop a clean evidentiary record on U.S. manufacturing of your competing products: where assembly occurs, where key components are made and what “further processing” occurs outside the U.S. (if any). The memo signals the Director will look beyond final assembly.
- If the accused products are imported or largely manufactured abroad, consider

whether the record supports framing the dispute as one where AIA review would disproportionately benefit entities without U.S. manufacturing investment, a theme the memo expressly highlights.

- For method claims, be explicit about the relevant device/product used to perform the method and where that device is manufactured.

For petitioners (especially operating companies):

- If you have U.S. manufacturing operations, or are making concrete U.S. manufacturing investments, do not assume the Director will “find” that story without help. Put it in the discretionary record with supporting evidence.
- If you qualify as a small business, say so early and substantiate it (SBA size standards and reduced-fee eligibility are explicitly referenced).
- If you do not have a strong U.S. manufacturing footprint, anticipate that the patent owner may raise this memo offensively. Consider whether other discretionary factors (e.g., *Fintiv* timing, stipulations, strong merits, or changes-in-law arguments) need to be more thoroughly developed than in prior years.

For both sides:

- Treat this as an additional layer on top of existing discretionary themes, not a replacement. The Director’s discretionary process is explicitly holistic and considers existing PTAB precedent plus other circumstances the parties raise.
- Expect the other side to seek leverage from supply chain ambiguity (“assembled here, components there”) — so declarations and documentary support matter.

For guidance on PTAB discretionary strategy, U.S. manufacturing considerations or small business positioning in IPR and PGR proceedings, please contact the authors or your Polsinelli attorney.