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Once Upheld, Always Upheld? USPTO Proposal Limits IPR Access

The U.S. Patent and Trademark Office (USPTO) has proposed rule changes to 37 C.F.R. § 42.108 that will dramatically narrow access to inter partes review (IPR) proceedings. The new framework would limit IPR availability for patents previously challenged in litigation or before the Office, potentially reshaping how defendants, patent owners and investors assess patent validity risk. If finalized, the rule makes IPRs largely unavailable once a claim has been upheld in any prior proceeding, even if the earlier challenge was brought by a different party.

Key Takeaways

The proposal to amend 37 C.F.R. § 42.108 would significantly restrict IPR petitions under several new conditions:

- **Mandatory Stipulation for Petitioners**: A petitioner must stipulate that neither they, nor their privies, will pursue § 102/103 invalidity challenges in any other forum if an IPR is instituted.
- **Bar on Previously Upheld Claims**: IPRs may not be instituted where a claim, or its independent claim, has already been found not invalid or not unpatentable in a district court, International Trade Commission (ITC), Patent Trial and Appeal Board (PTAB), reexamination or Federal Circuit decision.
- **Parallel Litigation Rule**: Institution is barred if a district court or ITC decision on the same claim is more likely than not to issue before the PTAB's final written decision.
- **Extraordinary Circumstances Exception**: A narrow exception applies where a prior challenge was made in bad faith or where a later change in law renders earlier outcomes obsolete.

Broader Practice Implications

- **Potential Overreach**: Because the text does not limit the "prior proceeding" requirement to the same party, it could bar IPRs by unrelated defendants or suppliers, effectively extending estoppel beyond the scope Congress prescribed in 35 U.S.C. § 315(e). This may invite judicial review over whether the USPTO has exceeded its delegated discretion under § 316(b).
- **Shift in Litigation Strategy**: Defendants may need to choose early between court

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and PTAB venues, coordinating with co-defendants or suppliers to avoid losing IPR access through prior rulings. When defendants choose court proceedings, ex parte reexaminations are still available to challenge validity at the USPTO while maintaining optionality in litigation.

- **Increased Patent Owner Leverage**:Once a claim survives any validity challenge, subsequent challengers may be foreclosed from PTAB relief, enhancing settlement and licensing strength for patent owners.
- **Impact on Transactions and Diligence**: Patents previously upheld in litigation may command higher valuations, while accused infringers could face fewer post-grant options to clear freedom-to-operate.

Strategic Considerations

Stakeholders should consider submitting comments to regulations.gov → PTO-P-2025-0025 to ensure the final rule preserves fair and independent access to PTAB review

If adopted, the USPTO's proposal could fundamentally shift the post-grant landscape, transforming IPRs from a parallel alternative into a "one and done" forum for patent validity disputes. If your business may be affected by these proposed changes or would like to discuss strategic options, please contact the authors or your primary Polsinelli attorney.