

September 2, 2026

The Honorable Darrell Issa  
Chairman  
Subcommittee on Courts, Intellectual Property, Artificial Intelligence, and the Internet  
Committee on the Judiciary  
U.S. House of Representatives

The Honorable Henry C. "Hank" Johnson  
Ranking Member  
Subcommittee on Courts, Intellectual Property, Artificial Intelligence, and the Internet  
Committee on the Judiciary  
U.S. House of Representatives

Re: Hearing on "Renewal of USPTO Fee Setting Authority: Giving Full Effect to the America Invents Act"

Dear Chairman Issa, Ranking Member Johnson, and Members of the Subcommittee:

US Inventor submits this statement regarding the authority of the Director of the United States Patent and Trademark Office to exercise discretion in determining whether to institute inter partes review proceedings under the America Invents Act ("AIA").

Reasonable people may disagree over how the Director should exercise institution discretion. Congress may also determine that the balance it struck in 2011 should now be modified.

But that policy debate should begin with a clear understanding of the law Congress actually enacted.

The AIA does not create a right to inter partes review whenever a petitioner demonstrates a reasonable likelihood of prevailing. It assigns the institution decision to the Director, establishes conditions that must be satisfied before the Director may institute, and leaves the ultimate decision whether to institute within the Director's discretion.

Director Squires' exercise of that discretion therefore should not be characterized as a departure from the AIA. Discretionary institution is part of the architecture Congress placed in the AIA itself.

#### **I. Congress Assigned the Institution Decision to the Director**

Section 314(a) provides that:

"The Director may not authorize an inter partes review to be instituted unless" the information presented demonstrates a reasonable likelihood that the petitioner would prevail with respect to at least one challenged claim.

35 U.S.C. § 314(a).

That language is important.

Congress did not provide that the Director “shall institute” review whenever the reasonable-likelihood threshold is met. Instead, Congress established a condition below which institution is prohibited.

Meeting the § 314(a) threshold therefore makes institution permissible; it does not make institution mandatory.

Section 314(b) reinforces that structure by providing that “[t]he Director shall determine whether to institute an inter partes review.”

Congress thus identified the Director as the statutory decision maker.

The Federal Circuit reaffirmed this point in February 2026 in *Apple Inc. v. Squires*. The court explained that “it is the Director that Congress gave the authority to decide whether to institute an IPR” and that even when statutory prerequisites for institution have been satisfied, “non-institution remains within the Director’s discretion: No law compels institution.”

*Apple Inc. v. Squires*, No. 24-1864, slip op. at 3–4 (Fed. Cir. Feb. 13, 2026).

That holding reflects a consistent line of authority from the Supreme Court and Federal Circuit.

The Supreme Court has stated that § 314(a) contains “no mandate to institute review.” *Cuozzo Speed Technologies, LLC v. Lee*, 579 U.S. 261, 273 (2016).

The Federal Circuit has likewise explained that “[t]he Director is permitted, but never compelled, to institute an IPR, and no petitioner has a right to such institution.” *Mylan Laboratories Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021).

And in *United States v. Arthrex, Inc.*, the Supreme Court described Congress as having “committed the decision to institute inter partes review to the Director’s unreviewable discretion.” 594 U.S. 1, 8–9 (2021).

Whatever policy disagreements may exist regarding particular discretionary considerations, the existence of Director discretion itself is therefore well grounded in both statutory text and binding precedent.

## **II. Delegation to PTAB Judges Did Not Transfer the Director’s Statutory Authority**

For much of the AIA’s history, Directors delegated initial institution decisions to administrative patent judges.

That delegation did not alter who possessed the underlying statutory authority.

As the Federal Circuit explained in *Apple v. Squires*, because the Director is “the possessor of the statutory authority,” the Director “always retained full power to reverse an initial Board decision on institution or to make the decision personally in the first instance.”

Accordingly, a Director’s decision to exercise institution authority personally—or with the advice of PTAB judges—is not inconsistent with the AIA merely because previous Directors chose to delegate more of that authority.

Congress placed the institution decision with the Director.

The Board's separate statutory role is particularly evident in 35 U.S.C. § 316(c), which provides that the Patent Trial and Appeal Board shall "conduct each inter partes review instituted under this chapter."

The statute therefore distinguishes between the decision whether to institute and the adjudication that follows institution.

### **III. Section 314(a) Is a Threshold, Not an Exclusive List of Permissible Considerations**

Some criticism of discretionary institution appears to proceed from the premise that the reasonable-likelihood determination in § 314(a) is the only consideration the Director may evaluate.

The statutory language does not support that reading.

Section 314(a) provides a condition that must be satisfied before institution may occur. It does not state that satisfying that condition eliminates Director discretion or requires the Director to ignore every other consideration affecting administration of the AIA.

Congress knew how to make agency action mandatory when it wished to do so. It did not write § 314(a) that way.

Other provisions of the AIA also demonstrate that Congress expected the post-grant system to be administered with attention to concerns beyond the abstract merits of an invalidity challenge.

For example, § 316(b) directs the Director, when prescribing regulations under the IPR chapter, to 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."

35 U.S.C. § 316(b).

Section 316(b) does not itself dictate the outcome of an individual institution decision. It does, however, demonstrate that Congress viewed economic effects, system integrity, administrative efficiency, and agency capacity as legitimate considerations in administering AIA proceedings.

Those considerations are therefore not foreign to the statutory scheme.

### **IV. Congress Expressly Authorized Discretion to Prevent Duplicative Patent Challenges**

The AIA contains an even more direct example of discretionary institution.

Under 35 U.S.C. § 325(d), the Director may take into account whether "the same or substantially the same prior art or arguments previously were presented to the Office" and may reject a petition on that basis.

This is significant because a petition may otherwise present a substantial invalidity argument and still be denied in light of duplication, prior examination, or prior presentation of the same arguments.

Congress therefore plainly did not create a system in which every petition clearing a merits threshold must receive a trial.

Congress itself authorized the Director to consider whether another administrative challenge would provide sufficient additional value to justify institution.

## **V. Discretion Is Consistent With Congress's Concern About Repeated and Abusive Challenges**

The legislative history of the AIA likewise reflects concern about repeated challenges to issued patents.

Congress sought to create a more efficient mechanism for reviewing certain patentability questions, but it did not intend the new proceedings to become an unlimited mechanism for serial attacks on patent owners.

The House Judiciary Committee emphasized the importance of "quiet title to patent owners to ensure continued investment resources" and warned against administrative proceedings being used as tools for harassment or repeated attacks on patents.

Those concerns are particularly important for independent inventors and small businesses.

A large corporation may be capable of litigating the same patent in several forums over several years. An individual inventor or startup frequently cannot.

An IPR system that serves as an efficient alternative for resolving patentability questions is very different from one that becomes an additional layer of litigation after substantial district court proceedings or prior validity determinations.

The Director has legitimate authority to distinguish between those situations.

## **VI. Consideration of Parallel Litigation Is Not Inherently Contrary to the AIA**

The existence of parallel district court litigation has long been among the circumstances considered in determining whether institution would provide an efficient alternative forum or simply duplicate an already advanced proceeding.

In *Apple v. Squires*, the Federal Circuit rejected a challenge to the USPTO's NHK-Fintiv policy framework, holding that the challenged instructions constituted a general statement of policy concerning the exercise of discretionary authority rather than a legislative rule requiring notice-and-comment rulemaking.

The Federal Circuit emphasized that Congress provided petitioners no legal entitlement to institution and that the Director retained the ability to make individualized institution determinations.

This does not mean that every conceivable discretionary factor is immune from scrutiny or that every application of discretion must be accepted without question.

It does establish, however, that considering circumstances surrounding parallel litigation is not inherently inconsistent with the AIA merely because the petition may otherwise satisfy § 314(a).

## **VII. Director Squires' Current Framework Does Not Amount to a Categorical Elimination of IPR**

It is also important to distinguish discretionary institution from opposition to inter partes review itself.

Director Squires has instituted review where the circumstances demonstrate that IPR can serve the function Congress intended.

For example, in *Tesla, Inc. v. Bulletproof Property Management, LLC*, the Director declined to discretionarily deny institution where the parallel district court trial date had been vacated, the petitioner provided a broad stipulation, the record suggested possible Office error, and the challenge was brought early.

That decision illustrates an important principle.

The issue is not whether patent owners should always prevail at institution.

The appropriate question is whether, in the circumstances of a particular case, an IPR will provide a useful and efficient review of patentability rather than merely duplicate proceedings, permit repeated attacks, or impose substantial additional costs without corresponding benefit.

A genuinely discretionary framework must allow institution as well as denial.

## **VIII. There Are Legitimate Questions About the Outer Boundaries of Discretion**

US Inventor does not suggest that the Director's discretion is unlimited.

Congress imposed express statutory requirements, and the Director remains bound by the Constitution, the Patent Act, valid regulations, and other applicable law.

There may also be reasonable debate regarding how much weight particular considerations should receive.

For example, considerations such as settled expectations, the age of a patent, domestic manufacturing, or other public-interest factors may present more difficult questions than straightforward applications of § 325(d) or avoidance of substantially duplicative proceedings.

Those questions should be examined carefully.

But disagreement with a particular discretionary factor should not be transformed into the broader assertion that the Director lacks institution discretion altogether.

The two questions are distinct.

## **IX. If Congress Wants Mandatory Institution, Congress Can Say So**

This hearing presents Congress with a legitimate policy choice.

If Congress now believes that an IPR must be instituted whenever the reasonable-likelihood threshold of § 314(a) is satisfied, Congress has the authority to amend the statute.

For example, Congress could replace the present structure with language requiring the Director to institute whenever specified statutory requirements are met.

Congress did not do that in the AIA.

The current statute says the Director “may not” institute below the threshold. It does not say the Director “shall” institute above it.

Courts have repeatedly recognized the significance of that distinction.

The question therefore should not be framed as whether Director Squires is refusing to follow a statutory mandate to institute.

No such mandate currently exists.

Rather, the policy question is whether Congress wishes to narrow the institution discretion that current law assigns to the Director.

Congress is entitled to have that debate. But it should do so transparently as a proposal to change the law—not on the mistaken premise that discretionary institution itself is contrary to the AIA.

#### **X. Protecting a Functional IPR System and Protecting Patent Owners Are Not Mutually Exclusive**

US Inventor represents independent inventors whose ability to participate in the patent system depends heavily on predictability, affordability, and confidence that an issued patent can function as a meaningful property right.

Inventors have an interest in correcting patents that should not have issued.

They also have an interest in finality and in protection against duplicative, serial, and strategically layered challenges.

Those interests can coexist.

A properly administered IPR system can provide an efficient mechanism to correct genuine examination errors while permitting the Director to decline proceedings that would unnecessarily duplicate litigation, revisit issues already meaningfully considered, or undermine the efficient administration and integrity of the patent system.

That balance is not inconsistent with the AIA.

It is a consequence of the discretion Congress deliberately placed in the statute.

#### **Conclusion**

The statutory and judicial record establishes several propositions that should guide the Subcommittee’s consideration:

1. Congress assigned the institution decision to the Director.
2. Section 314(a) establishes a minimum threshold for institution; it does not create an entitlement to institution.
3. The Supreme Court and Federal Circuit have repeatedly recognized the Director's broad discretion not to institute.
4. The Director retains the authority to exercise institution power personally even where previous Directors delegated that authority to PTAB judges.
5. Congress itself authorized discretionary consideration of duplication and previously presented arguments under § 325(d).
6. The AIA reflects congressional concern with efficient administration, integrity of the patent system, and avoidance of repeated or abusive challenges.
7. Particular discretionary factors may properly be examined and debated without denying the statutory existence of institution discretion itself.

Congress may choose to change that framework. But under the AIA as presently written, Director discretion is not an exception to the statute. It is part of the statute.

We respectfully urge the Subcommittee to preserve a system in which inter partes review serves as an efficient mechanism for correcting genuine errors rather than an automatic additional forum for attacking every asserted patent.

Respectfully submitted,



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