Vital Briefing

Google takes challenge of USPTO's controversial "settled expectations rule" to Supreme Court

By Thomas Long, J.D.

A relatively new practice under which the U.S. Patent and Trademark Office routinely denies institution of administrative reviews of "older" patents is among the more controversial changes made by the second Trump Administration to the intellectual property system. Under the new policy, patent owners are deemed to have developed "settled expectations" regarding the validity of patents that have reached an indeterminate age without being challenged (usually six years or more, but sometimes less). The new practice has been decried by some in the patent community as unconstitutional, contrary to statutory law, and harmful to innovation.

So far, parties who have been turned away on "settled expectations" grounds have been unable to challenge the denials in court. Several parties that contended that the policy ran afoul of the Patent Act and constitutional principles have failed to obtain relief at the Federal Circuit. Now the question of whether the USPTO has the authority to discretionarily deny review of patents on the ground of settled expectations has been presented to the Supreme Court by a very prominent petitioner. Google LLC has asked the Court to decide whether the USPTO exceeded its statutory authority by adopting the settled expectations policy and whether courts have the power to review denials of institution of review that are contrary to statute.

The case raises more than technical questions about patent procedure; it implicates thorny and contentious issues related to the separation of powers and the extent of administrative authority and autonomy. A decision by the Supreme Court could have wide-reaching impacts on many agencies beyond the USPTO.

Inter partes review under the AIA. The Leahy-Smith America Invents Act (AIA), among other things, established a procedure called "inter partes review" (IPR), under which an interested party can request invalidation of one or more claims of a patent based on prior art grounds (anticipation or obviousness). The IPR provisions are codified at 35 U.S.C. §§ 311 to 319. If the USPTO decides to institute review, a three-judge panel of the Patent Trial and Appeal Board decides the case on the merits. IPR is meant to be a quicker and cost-effective alternative to litigation. A key provision at the heart of the dispute over the settled expectations rule is Section 314(d), which states, "The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable."

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Origin of the settled expectations rule. In a March 26, 2025, memorandum to Patent Trial and Appeal Board judges, acting USPTO Director Coke Morgan Stewart cited "settled expectations of the parties, such as the length of time the claims have been in force" as a factor to be considered setting forth an interim process for considering review petitions. Stewart began issuing discretionary denials of IPR on that basis about two months later. The rationale for the policy—commonly referred to as the "settled expectations rule," despite the fact that it is not technically rule-based—is that the petitioner's awareness of the challenged patent claims and failure to take action earlier indicated that institution of review was not an effective use of the agency's resources. When John Squires took over as USPTO Director, he continued the practice of basing denials on the settled expectations of the patentee.

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Unsuccessful attempts to obtain relief in court. Numerous parties whose IPR requests were turned down under the new rule have made unsuccessful attempts to seek redress in the court system. The Federal Circuit denied several petitions for writs of mandamus in 2025 (see *Federal Circuit denies mandamus to review petitioners challenging USPTO's "settled expectations" rule*, available here) and continued to do so in 2026. For example, on February 24, the Federal Circuit turned away a petition for a writ of mandamus by Kangxi Communication Technologies (Shanghai) Co., Ltd. (KCT) challenging the denial of its requests for institution of IPR of patents owned by Skyworks Solutions, Inc. (*In re Kangxi Communication Technologies (Shanghai) Co., Ltd.*, No. 2026-115). The USPTO denied institution in part because "the challenged patents have been in force for more than 7 and 14 years, … creating strong settled expectations." KCT had argued that the use of settled expectations as a factor in IPR institution exceeds the USPTO's statutory authority and violates procedural protections guaranteed by the Administrative Procedure Act.

On February 25, the Federal Circuit denied a similar request for mandamus relief by Kahoot! AS with respect to the USPTO's denial of its petition for IPR of a patent on the ground of settled expectations (*In re Kahoot! AS,* No. 2026-119). The Federal Circuit reiterated its position that mandamus review is ordinarily unavailable for review of institution decisions in the absence of colorable constitutional claims (which Kahoot! did not raise). The court also said that a grant of a petition for mandamus cannot be based on an argument that reliance on purported settled expectations exceeds the Director's statutory authority.

Google's challenge of the rule. The case being presented to the High Court began when Google petitioned for IPR of four patents owned by VirtaMove, Corp. VirtaMove requested discretionary denial of institution, and the USPTO granted that request. The patents at issue had been in force for more than 14 years, and the USPTO determined that Google did not show that instituting review would be an appropriate use of agency resources.

Google then sought and was denied a writ of mandamus directing the USPTO to vacate the denial (*In re Google LLC*, No. 26-111 (Fed. Cir. Jan. 27, 2026)). The Federal Circuit noted that it had denied mandamus relief in similar cases, *e.g.*, *In re Cambridge Industries USA Inc.,* No. 26-101 (Fed. Cir. Dec. 9, 2025), and *In re Sandisk Technologies, Inc.,* No. 2025-152 (Fed. Cir. Dec. 9, 2025). The Federal Circuit rejected arguments in those cases that use of "settled expectations" as a factor in denying institution of review violates separation of powers, exceeds statutory authority, and is arbitrary and capricious.

On April 27, 2026, Google filed a petition for a writ of certiorari, in which it contends that the settled expectations rule is "a stark departure from the Patent Act and decades of administrative practice." It characterizes the Federal Circuit's holding that courts lack the power to review whether the USPTO has violated the patent statutes in denying IPR as an "abdication of judicial review [that] flies in the face of the bedrock Article III principle that it is the federal courts, not administrative agencies, that have the authority and duty to determine the bounds of agency discretion." According to Google, the Federal Circuit's interpretation of 35 U.S.C. § 314(d) has allowed the USPTO to "sharply reduce administrative review of patent validity on grounds that are directly contrary to Congress's statutory design."

The presumption that the agency will refuse to review patents that are more than six years old amounts to a limitations period not present in the statute, Google argues. "Under the Patent Act," asserts the petition, "patentees *never* obtain any 'settled expectation' against administrative reconsideration because patents are granted subject to the statutory condition that they may be administratively canceled at any point *throughout their term*" (emphases in original).

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Google further argues that "older invalid patents fall within the heartland of the problem Congress sought to address by creating inter partes review: such patents are often used by nonpracticing entities to stymie innovation and competition." In Google's view, the USPTO had no authority to "expand patentees' rights by granting an immunity from administrative reconsideration that Congress withheld."

Although Section 314(d) appears to foreclose appellate review, Google cites

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SAS Institute, Inc. v. Iancu, 584 U.S. 357, 371 (2018), as standing for the proposition that "judicial review should remain available where, as here, an agency 'has engaged in "shenanigans" by exceeding its statutory bounds.'" The petition contends that, if the USPTO is given unfettered authority to deny institution of IPR without judicial review, it "could eliminate inter partes review altogether by refusing to institute review in *all* cases, or it could (and indeed has begun to) categorically exclude disfavored petitioners from the procedure."

The questions presented by the petition are:

1. Whether the PTO lacks statutory authority to deny institution based on "settled expectations" where the patent statutes allow for administrative review at any time during the life of a patent.
2. Whether courts have power to review a PTO decision denying inter partes review on grounds that are contrary to statute.

The case is *Google LLC v. VirtaMove, Corp.*, No. 25-1230. VirtaMove's response is due May 29. If certiorari is granted, the case will be heard during the October 2026 term.

Google's prospects before the Court. The Court has addressed Section 314(d) previously, under slightly different circumstances. *Thryv, Inc. v. Click-To-Call Technologies, LP*, 590 U.S. 45 (2020), involved a dispute over the USPTO's application of 35 U.S.C. § 315(b), which provides that an IPR may not be instituted if the petition requesting the proceeding was filed more than one year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. In a 7–2 decision, the Court held that Section 314(d) precluded judicial review of the agency's application of Section 315(b)'s time limit because it was "closely related" to the decision to institute IPR.

However, there are indications that Section 314(d) remains open for additional interpretation. In his dissenting opinion in *Thryv* (joined in part by Justice Sotomayor), Justice Gorsuch pointed to the "well-settled presumption favoring interpretations of statutes that allow judicial review of administrative action" as a safeguard against arbitrary government.

In a section of the dissent not joined by Sotomayor, Gorsuch argued that the majority's decision "takes us further down the road of handing over judicial powers involving the disposition of individual rights to executive agency officials." According to Gorsuch, a too-expansive reading of Section 314(d) would free the USPTO Director to "insulat[e] his favorite firms and industries from [IPR] entirely." Several years after the issuance of *Thryv,* it is possible that more Justices now share Gorsuch's view about the risk of administrative overreach.

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