



Settled Expectations with Prior Patent Owner Dooms Request for Discretionary Denial of IPR Petitions

February 27, 2026

Reading Time : **2 min**

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The USPTO Director denied a patent owner's request for discretionary denial of two *inter partes* review (IPR) petitions, citing the petitioner's "well-settled expectation" that it would not be accused of infringing the two challenged patents. The Director's conclusion was based on the petitioner's decade-long business relationship with the original owner of the challenged patents.

The patents-at-issue cover "infotainment" products used in vehicles, which the original patent owner had been supplying to the petitioner since 2013. In 2015, both patents were assigned to the current patent owner. Thereafter, despite having no ownership or licensing rights to the patents, the original owner continued to supply the petitioner with the covered products. It was not until December 2023 that the petitioner was made aware of the change in assignment, when it was notified by the current patent owner.

In the IPR proceedings challenging the two patents, the petitioner argued that discretionary denial was not appropriate because it had developed "settled expectations" that the patents would not be asserted against it. In support, the petitioner cited its longstanding business relationship with the original owner, its lack of knowledge that the original owner assigned the patents, and the expectation that its suppliers have licenses to sell their products. The Director agreed, explaining that it is "eminently reasonable for a customer to expect its supplier, especially one that previously owned patents, to provide it with products that have all necessary licenses." Thus, the "decade-long and continuous customer-supplier relationship"

between the petitioner and the original owner supported a well-settled expectation that the petitioner would not be accused of infringing the challenged patents.

Before denying the request, the Director addressed and rejected the patent owner's contention that it had its own settled expectations based on the longstanding enforceability of the patents, which issued over nine years ago. As to one patent, the Director explained that the patent owner's "own actions, or lack thereof, cut against any settled expectations" because the patent owner failed to pay maintenance fees on the patent in 2023, causing it to lapse. The patent was thus unenforceable before the petitioner was ever made aware of the assignment. For the other patent, although it was still in force, the Director found that the petitioner's settled expectations—rooted in its longstanding relationship with the original owner—outweighed any settled expectations accrued by the patent owner.

After review of the merits, the Director instituted both petitions on January 16, 2026. On January 30, the patent owner filed requests for director review of the institution decisions, which are now pending.

Practice Tip: Prior business dealings between parties can be persuasive evidence of a patent challenger's settled expectations that a patent will not be asserted against it, which petitioners can use to undermine a patent owner's arguments for discretionary denial in *inter partes* review proceedings. To avoid this, those looking to purchase patents should thoroughly investigate the sellers' business dealings involving products that may be covered by those patents and, upon acquiring any patents, consider promptly engaging in license negotiations with the sellers' customers or otherwise notifying them of the acquisition.

Ford Motor Co. v. Autoconnect Holdings LLC, IPR2025-01342, Papers 10, 11 & 13 & IPR2025-01383, Papers 11, 12, and 14 (P.T.A.B. December 4, 2010).

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