Available IPR Data Can Be Misleading

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The Leahy-Smith America Invents Act provided for post issuance proceedings that allow the Patent Trial and Appeal Board (the PTAB) of the United States Patent and Trademark Office (USPTO) to review issued patents for validity. These proceedings have become a popular choice for defendants in patent litigation due to a lower standard for proving that a patent is invalid, the opportunity to participate in the proceedings, and a relatively shorter duration and lower costs when compared to litigation. One type of post issuance proceeding is an Inter Partes Review (IPR), in which a petitioner may challenge the validity of one or more claims of an issued patent under 35 U.S.C. §§ 102 or 103 in view of (only) patents or printed publications. The PTAB must grant the petition if the petitioner demonstrates that there is a “reasonable likelihood” that it can prove at least one claim is invalid. If the petition is granted, the PTAB is given one year to issue a final determination on the claims at issue.

In the roughly two years that these proceedings have existed, numerous statistics have been compiled. The USPTO itself publishes monthly updates including many such statistics. For example, the statistics include the total number of petitions filed within various fields of technology, the number of trials instituted, and various measures of success and failure rates based on the results from final written decisions on the merits. These numbers may appear to be clear indicators of the likelihood of success in filing an IPR, but a deeper look at them reveals greater ambiguity.

First, the number of petitions granted or denied does not directly reflect the number of claims being challenged. For example, a single challenger can file multiple IPR petitions challenging the same patent. The rationale behind this tactic is that strict page restrictions on IPR petitions may incentivize a challenger to focus a single petition on one claim set and file one or more additional petitions to cover the remaining claim sets. Further, multiple parties can file individual petitions challenging the same patent. Thus, it is possible that a subset of petitions on the same patent may be granted, while others may be denied. This occurrence may skew the compiled “success” rates for IPR institution.

Second, many articles analyzing the percentages of petitioner “wins” give different meanings to what constitutes a “win.” Often a petitioner is considered to have won if the final written decision cancels at least half the claims. This arbitrary threshold may not be terribly helpful in determining the likelihood of success for a particular litigant who is considering whether or not to challenge a patent in an IPR proceeding. The number of petitions resulting in at least one claim being canceled, and the number of petitions resulting in all challenged claims being canceled, may be better metrics for petitioners to make more informed decisions when weighing the risks and benefits of filing an IPR. For example, institution of an IPR precludes the petitioner, and other “parties in interest,” from relying on any ground in litigation that the petitioner raised, or reasonably could have raised, before the PTAB. Thus, an accused infringer in litigation with a weak non-infringement case may want more information about the possibility of invalidating all of the problematic claims of an asserted patent in an IPR, rather than a few of the broader ones.
Some statistics that were recently made available by the USPTO¹ do provide more claim-specific data that sheds more light on the scope of the claims in petitions and the “wins” being touted following the conclusion of a proceeding. As of September 4, 2014, 237 petitions have been filed and subsequently terminated, whether by final written decision or cancelation of the proceedings. In those 237 petitions, 3344 claims were instituted. 999 of the 3344 instituted claims (or about 30%) were found unpatentable by the PTAB. 606 of the 3344 instituted claims (or about 18%) were canceled or disclaimed by those involved in the proceeding (i.e., not by the PTAB). The remaining 1739 of the 3344 instituted claims (or about 52%) remained patentable, whether by final decision or as a result of the claim remaining following the cancelation of the proceeding. 428 of the 1739 instituted claims that remained patentable were affirmatively found by the PTAB to have overcome all instituted patentability challenges in the final written decision. Thus, about 25% of all instituted claims that remained patentable were deemed patentable by the PTAB. Overall, 13% of all 3344 instituted claims were deemed patentable by the PTAB.

IPR is still a relatively new tool that may end up having far reaching implications for patent holders and alleged infringers alike. Despite the short time that IPR has been available, there is a lot of raw data available. Further follow-on articles will attempt to compile raw data such as the raw data just recently made public into more usable information for our readers.

¹These statistics were made public during a presentation by Andrew Byrnes, Chief of Staff at the USPTO, during the presentation “USPTO Update to the BPLA [Boston Patent Law Association]” on September 16, 2014.

This update was prepared by Nutter’s Intellectual Property practice. For more information, please contact your Nutter attorney at 617.439.2000.

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