

## Fresh Statistics Regarding the New *Inter Partes* Review Procedure: The First Nine Months

Whenever clients have to decide on a course of action, their first question is always, “What are the chances of this working?” While no reasonable attorney will offer to predict the future, we can try to give a little insight. In this article, we explore the early statistics related to the U.S. Patent and Trademark Office’s (USPTO) decisions on whether to grant petitions for *inter partes* review. We also discuss, briefly, what those statistics mean for IP professionals and their clients in deciding whether to pursue such a proceeding.

On Sept. 16, 2012, in accordance the America Invents Act, the USPTO began accepting petitions for *inter partes* review (IPR) of patents.<sup>1</sup> IPR is a proceeding in which a party may request a hearing before the Patent Trial and Appeal Board (the board). Frequently, the petitioner is a party accused of infringement by the patent holder, but such an accusation is not necessary. In that hearing, the board will review the asserted patent, examine the relevant prior art, listen to the parties’ arguments, and determine whether or not the patent is valid.<sup>2</sup>

The IPR proceeding is similar to a trial, with some key advantages. First of all, the board, as part of the USPTO, has special expertise with patents and can draw on internal technical resources to make a more accurate determination than a judge or jury. Second, during a trial, a court must be concerned with questions of infringement, validity, and frequently, damages, willfulness, enforceability, and counterclaims. In contrast, the board focuses only on validity. Finally, the board is required by law to complete its determination within a year of instituting an IPR, or 18 months in extreme circumstances. Therefore, an IPR is likely to be more accurate, faster, and less expensive than trial for both parties.

An IPR is not duplicative of trial, either. If the board finds the patent valid, the defendant is estopped from raising the same arguments that it raised *or could have raised* before the board. Thus, once the board has made a determination, the trial court will not have to revisit that decision. Again, this saves time and money for

both parties.

Under the America Invents Act, the board may only institute an IPR if the petitioner, in its request, shows a reasonable likelihood that the patent is invalid.<sup>3</sup> In its request, the petitioner must explain why each claim is invalid and show what previous publication or combination of publications render the claim invalid. Each set of invalidating art is a “ground” of invalidity. A petitioner may file multiple grounds for each claim, if it wishes.

An IPR request is, however, significantly more expensive than previous USPTO proceedings. To file a request for IPR, a petitioner must pay \$23,000. If the board declines to initiate the proceeding, it will refund \$14,000 of that amount.

Clients consistently ask about their chances of having a request for IPR granted. Although the USPTO has not yet published statistics for IPR petitions that have been granted or denied, IP practitioners and clients considering an IPR would likely be interested in these types of findings.

As we reached the nine-month anniversary of the launch of the IPR proceeding, we undertook the task of reviewing and tabulating all current board decisions from the time that IPR proceedings have been in effect. We summarize here our review of every petition decision through June 16, 2013.<sup>4</sup> These statistics are believed to be the most current and complete compilation of IPR petition decisions.

These statistics present an overview of all board decisions to grant or deny requests for IPRs. From these board decisions, the analysis shows the percentage of IPRs that have been instituted, broken out by grounds asserted and claims for which review was sought. Only when board decisions were unclear as to the number of grounds asserted does the analysis use numbers from the original petitions instead of the board decisions.

From Sept. 16, 2012, to June 16, 2013, the statistics are as follows:

- Petitions for IPR filed: 296
- Board decisions as of June 16, 2013: 96
- Decisions granting review of the following:

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- At least one claim: 89 (92.7 percent)
- All claims: 76 (79.2 percent)
- At least one, but less than all claims: 13 (13.5 percent)

The data can be analyzed in a number of additional ways. In its petition, a petitioner must provide one or more grounds of invalidity, such as anticipation or obviousness over prior art. Each anticipatory reference or combination of art for obviousness is considered one asserted ground of invalidity.

Beyond the general questions of how many review petitions were granted or denied, we gathered specific statistics on anticipation and obviousness challenges asserted in the petitions. From Sept. 16, 2012, to June 16, 2013, the relevant board statistics are as follows:

### Anticipation

Decisions:

- In which petitioner asserted at least one ground of anticipation: 68 (70.8 percent)
- Reviewing at least one claim on anticipation grounds: 43 (63.2 percent)
- Reviewing all anticipation grounds: 19 (27.9 percent)
- Reviewing all claims for which anticipation was asserted: 31 (45.6 percent)
- Determining at least one anticipation ground cumulative: 25 (36.8 percent)
- Determining all anticipation grounds cumulative: 2 (2.9 percent)

### Obviousness

Decisions:

- In which petitioner asserted at least one ground of obviousness: 94 (97.9 percent)
- Reviewing at least one claim on obviousness grounds: 81 (86.2 percent)
- Reviewing all asserted obviousness grounds: 14 (14.9 percent)
- Reviewing all claims for which obviousness was asserted: 61 (64.9 percent)
- Determining at least one obviousness ground cumulative: 52 (55.3 percent)
- Determining all obviousness grounds cumulative: 7 (7.4 percent)

A complete spreadsheet providing the supporting data regarding each board decision to date can be found under “*Inter partes* Review Procedure Statistics” on the Merchant & Gould website.<sup>5</sup>

Not unexpectedly, the board appears to find obviousness challenges more persuasive than anticipation challenges. While anticipation will more surely invalidate a patent, it is considerably harder to find a single reference that teaches all elements of a claimed invention.

As seen in the statistics, the board is granting review of the vast majority of petitions. Given the relatively high bar for granting review (at least one claim is likely invalid), it is unclear why so many petitions have met this high bar. This trend may simply reflect an abnormally high quality of requests in the early days of the procedure and may decline as time goes on. Alternatively, the high cost and substantial time to prepare a request may discourage less meritorious filers.

One word of caution, in reading these statistics, however: These numbers only reflect the board’s grant of the petition to review; they do not reflect the likelihood that the board will actually invalidate one or more claims of the patent. On the whole, though, given the benefits to the IPR process discussed above, the frequency of IPR grants can only be good news to defendants in patent cases. ☺

### Endnotes

<sup>1</sup>See 35 U.S.C. § 311 et seq.

<sup>2</sup>The IPR replaces, and is superficially similar to, the old *inter partes* re-examination procedure. For those familiar with re-examination, IPRs differ in that they are determined by the board without the involvement of patent examiners and are appealable directly to the Court of Appeals for the Federal Circuit with no additional appeal necessary within the USPTO. Also, while re-examinations were conducted entirely in writing and did not involve discovery, IPRs allow for discovery between the parties and involve an actual hearing before a three-judge panel of the board. In this way, an IPR is much more trial-like than re-examinations.

<sup>3</sup>35 U.S.C. § 314.

<sup>4</sup>Board decisions found at [ptabtrials.uspto.gov](http://ptabtrials.uspto.gov).

<sup>5</sup>Merchant & Gould, [www.merchantgould.com/OurPractice\\_PostGrant.aspx](http://www.merchantgould.com/OurPractice_PostGrant.aspx).

<sup>6</sup>The board may dismiss, without decision, a request that does not meet the requirements of the IPR rules. Parties may voluntarily terminate a pending request. These do not count as either grants or denials in the above statistics.

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# Total Requests Filed Since Start of *Inter Partes* Review on 9/16/12 : 296

statistics through 8/17/13

