

Inter Partes Review (IPR) Strikes the Right Balance:

IPR Preserves The Rights Of Patentees And Allows The PTO To Take A Second Look At Questionable Patents

What Benefits Does IPR Have For Patent Holders?

IPR restores public confidence in the patent system and secures patent holders' rights over valid patents. Like bad apples in a barrel, a few bad patents devalue the entire patent system. Bad patents harm American companies that want to implement technology, and they also harm patent holders with strong patents. When people can easily obtain and assert invalid patents, it affects all patent owners and casts the entire system into doubt. That is why Congress explained that the IPR process would “restore confidence in the presumption of validity that comes with issued patents.”¹ Holders of valid patents benefit from public confidence in the patent system, and patent holders should want a strong patent system that supports patents that can withstand a second look.

IPRs secure a stronger patent system and benefit holders of valid patents in concrete ways.

- *One and done.* A determination by the Patent Trial and Appeal Board (PTAB) that patent claims are valid is final, and can strengthen the patent holder's rights with regard to the prior art that was considered. If patent claims are reviewed in IPR, and upheld as valid, the petitioner in the IPR (and its privies) may not challenge those claims in civil litigation on any ground that the petitioner raised or reasonably could have raised during the IPR.²
- *Inexpensive path.* A patent holder that is successful in IPR will have obtained a determination of validity in a much less expensive forum than district court.

How Are Patent Holders' Rights Protected In IPR?

The IPR process ensures that all parties are heard. The patent laws require a person petitioning for IPR to “identif[y], in writing and with particularity, each [patent] claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim,” giving the patent holder complete notice of the grounds for the petitioner's challenge.³

The patent holder then has the opportunity to file a preliminary response.⁴ The PTAB considers the petition and response, and may grant inter partes review only if the petitioner has “show[n] that there is a reasonable likelihood that [it] would prevail with respect to at least 1 of the claims challenged in the petition.”⁵ This point bears repeating:

¹ H.R. Rep. No. 112-98 at 40 (2011).

² 35 U.S.C. § 315(e)(2).

³ 35 U.S.C. § 312(a)(3).

⁴ 35 U.S.C. § 313.

⁵ 35 U.S.C. § 314(a).

- *The PTAB may not, and will not, institute review of any patent unless there is a reasonable likelihood of invalidity.* And if the PTAB denies a petition for IPR, that decision is final; the petitioner cannot appeal that decision.⁶

Patent-holder protections continue throughout the proceeding. If the PTAB institutes IPR, the patent owner is permitted to respond further to the IPR petition, and may move to amend the patent claims in light of the petitioner’s challenges. This opportunity for a second response ensures that the patent holder is fully heard both at the petition stage and the merits stage of the IPR. The PTAB then holds an oral hearing and renders a final written decision within one year of the IPR being instituted. Any party to the IPR can appeal a final written decision to the U.S. Court of Appeals for the Federal Circuit.⁷

This process ensures that all parties—including the patent holder—are fully heard in writing and orally, and that any party has the opportunity to obtain review of a final determination by the court of appeals.

Can Patent Holders Amend Patent Claims In IPR?

IPR includes a process for patent holders to amend challenged patent claims. This means that patent holders do not face an all or nothing result, and can even strengthen their patent claims in response to the specific challenge asserted by the IPR petitioner. Patent holders have only taken advantage of this option and moved to amend claims in less than 10% of IPRs, however, suggesting that in most cases, the challenged claims are fatally flawed.

In March 2019, the PTO announced a pilot program for procedures designed to encourage patent holders to take advantage of the amendment process in more cases.⁸

Has IPR Been Successful At Sorting Out The Wheat From The Chaff?

IPR has been very successful in cancelling bad patents, and the Patent Trial and Appeal Board has been respectful of valid patent rights.

- In fiscal year 2018, the PTAB granted 859 petitions to review issued patents, and denied 577 petitions.⁹
 - *The selection process is working.* This 60% grant rate demonstrates that the PTAB found a “reasonable likelihood” that at least some of the challenged patent claims were invalid in a high proportion of cases, confirming the need for IPR.¹⁰

⁶ 35 U.S.C. § 314(d).

⁷ 35 U.S.C. § 319.

⁸ 84 Fed. Reg. 9497 (Mar. 15, 2019).

⁹ PTAB, Trial Statistics 6 (Apr. 2019), available at

https://www.uspto.gov/sites/default/files/documents/trial_statistics_apr_2019.pdf. These numbers include IPR and a small number of petitions for post-grant review and covered business method review—post-issuance review proceedings similar to IPR.

¹⁰ 35 U.S.C. § 314(a).

- *The PTAB is careful.* The PTAB has been appropriately selective in choosing which petitions to grant, declining to subject patent owners to the IPR process where the petition fails to make a substantial case for patent invalidity.
- *IPRs involve a miniscule number of patents.* It is important to keep in mind that the 859 petitions granted represent only 0.25% of the more than 338,000 patent applications granted in 2018, demonstrating that the vast majority of patents are never even challenged in IPR.¹¹
- The PTAB cancelled some or all patent claims (that is, found them invalid) or the patent owner conceded that the claims were invalid in more than 80% of IPRs that reached a final written decision.¹²
 - This high cancellation rate demonstrates that in the vast majority of instances in which IPR is instituted, the patent contains at least some “bad” claims.

Are the PTAB’s decisions generally upheld on appeal?

The PTAB’s decision is upheld on appeal in the vast majority of cases.

- The Federal Circuit reported that in Fiscal Year 2018, only 11% of appeals from the Patent and Trademark Office were reversed.¹³

These statistics demonstrate that IPR has been successful in weeding out only bad patent claims.

¹¹ PTO, FY 2018 Performance and Accountability Report 181, available at <https://www.uspto.gov/sites/default/files/documents/USPTOFY18PAR.pdf>.

¹² Elliot C. Cook, et al., *Claim and Case Disposition*, <https://www.finnegan.com/en/america-invents-act/claim-and-case-disposition.html>.

¹³ U.S. Court of Appeals for the Federal Circuit, Appeals Filed, Terminated, and Pending During the Twelve-Month Period Ended September 30, 2018, available at http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/05-_appeals_filed_terminated_and_pending_2018_revised_-_Final.pdf. This statistic includes all appeals from PTO decisions, not only IPRs.