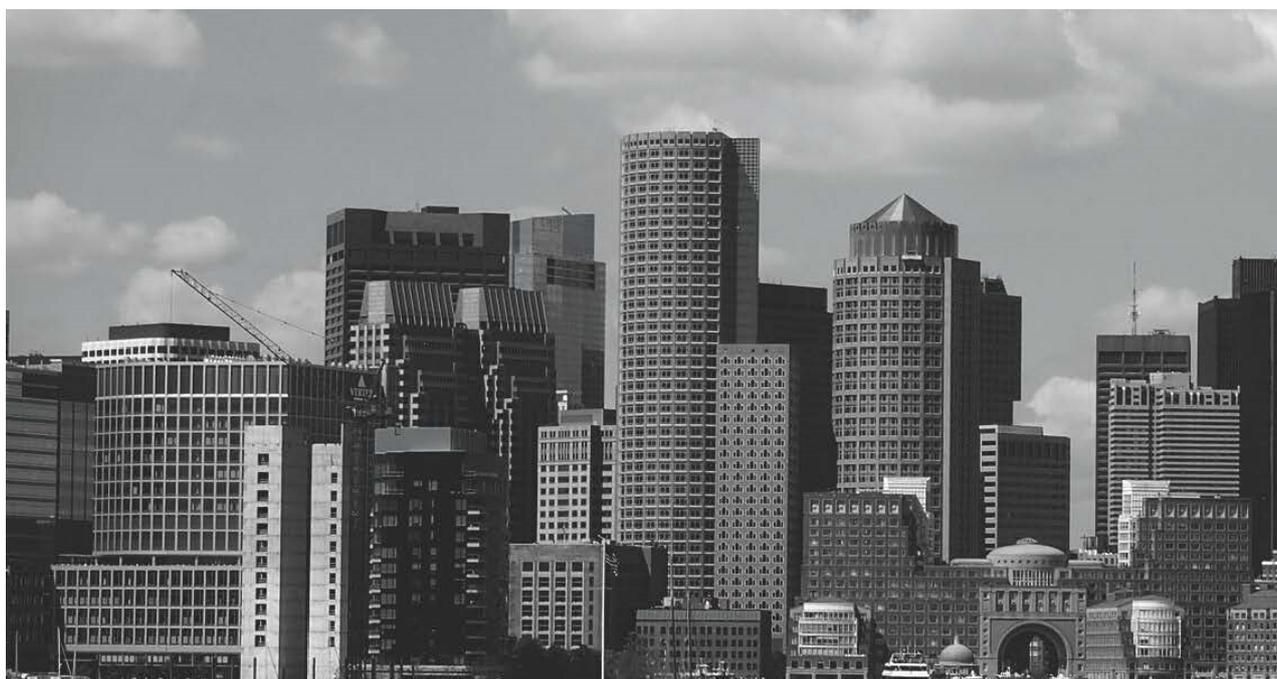


# POST GRANT PROCEEDINGS SERIES

*Is IPR the Best Decision for Me?*



**CALDWELL**  
INTELLECTUAL PROPERTY LAW

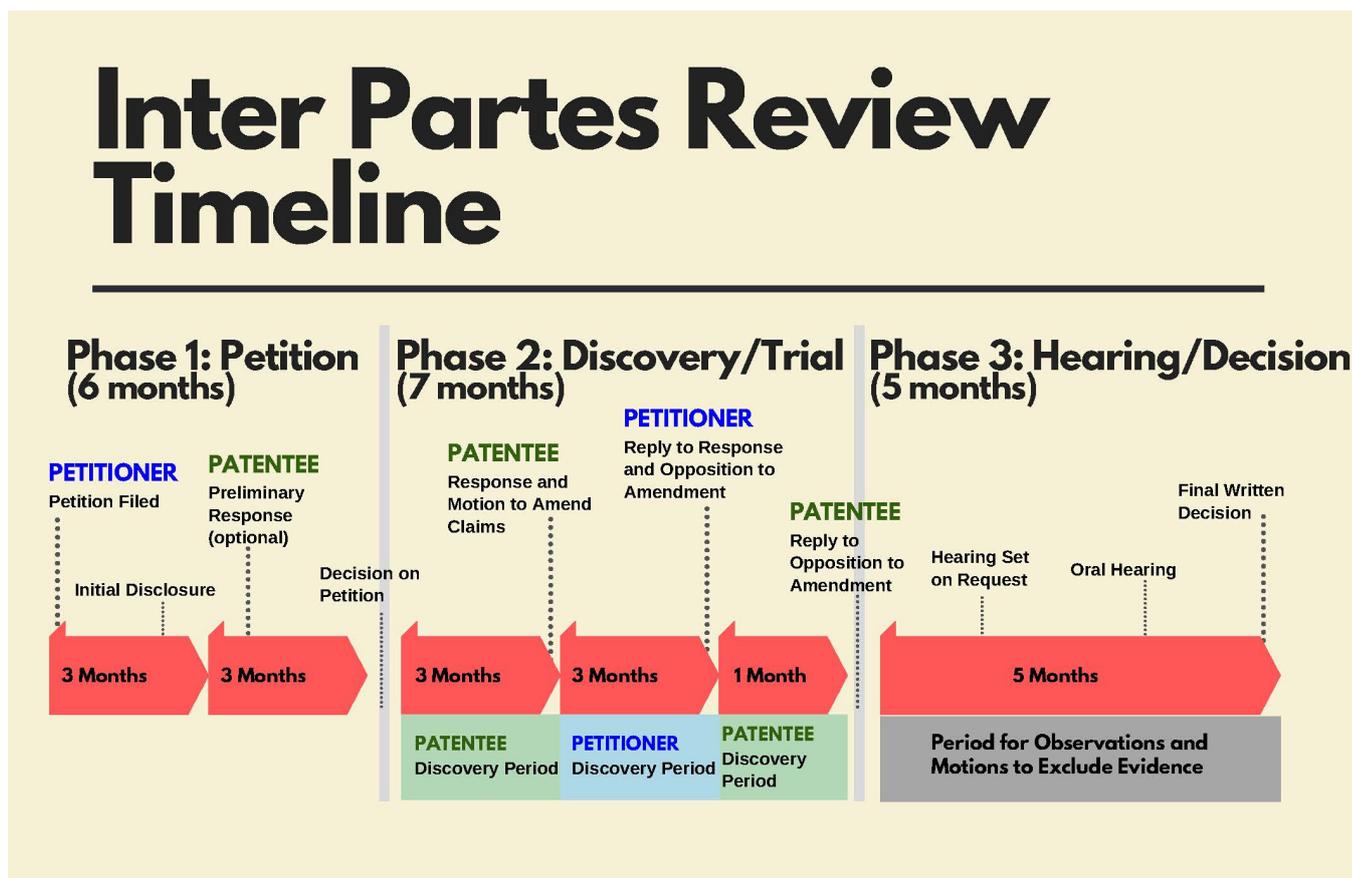


The America Invents Act (AIA), put into effect September 16, 2012, created three new post-grant review proceedings: post-grant review (PGR), inter partes review (IPR), and covered business method (CBM) review. With the creation of post-grant proceedings, the Patent Trial and Appeal Board (PTAB) has grown to become the venue most popular for litigating patent disputes in the United States, with a total of 1,606 litigations in 2018. Before the AIA, a third-party disputer attempting to invalidate a patent before the USPTO had only two options: have limited involvement in a *ex part* reexamination procedure, or have slightly more involvement in an *inter partes* reexamination procedure. Disputing a patent before the USPTO,

as opposed to in the federal court, reduces the time of litigation, reduces the total cost, and mitigates the risk of a counter strike. The AIA has provided a third-party disputer with many different avenues to challenge the invalidity of a patent.

IPR has proved to be an effective alternative to inter partes reexamination. Additionally, IPR offers considerable benefits over a district court patent litigation. Inter Partes Review follows a trial-like proceeding conducted in front of the PTAB, a panel of administrative judges at the USPTO. As shown below in FIG. 1, the IPR process consists of the following three phases: petition, discovery and hearing.

# Inter Partes Review Timeline



**FIG. 1: Approximate Timeline of an Inter Partes Review Proceedings**

## PHASE 1: PETITION

Preparing and filing the petition is the cornerstone of the IPR. If you select the wrong art or fail to identify alternative claim constructions, there is a good chance that PTAB will not institute your petition. A petitioner cannot appeal a decision by the PTAB on the petition. After institution, the petitioner has a limited ability to argue outside the art and arguments presented within. Therefore, the petition is critically important in the IPR process.

Timing is a main concern when filing a petition to request institution by the PTAB of an IPR. An IPR petition is only available for patents filed under the AIA's "first-inventor-to-file" patent system, 9 months after the patent's issue and/or reissue date or the termination of any post grant review (PGR) of the patent.



Any person, other than the patent owner, may file a petition requesting institution by the PTAB of an IPR. It is important for the individual filing a petition to remember that the process is not anonymous.

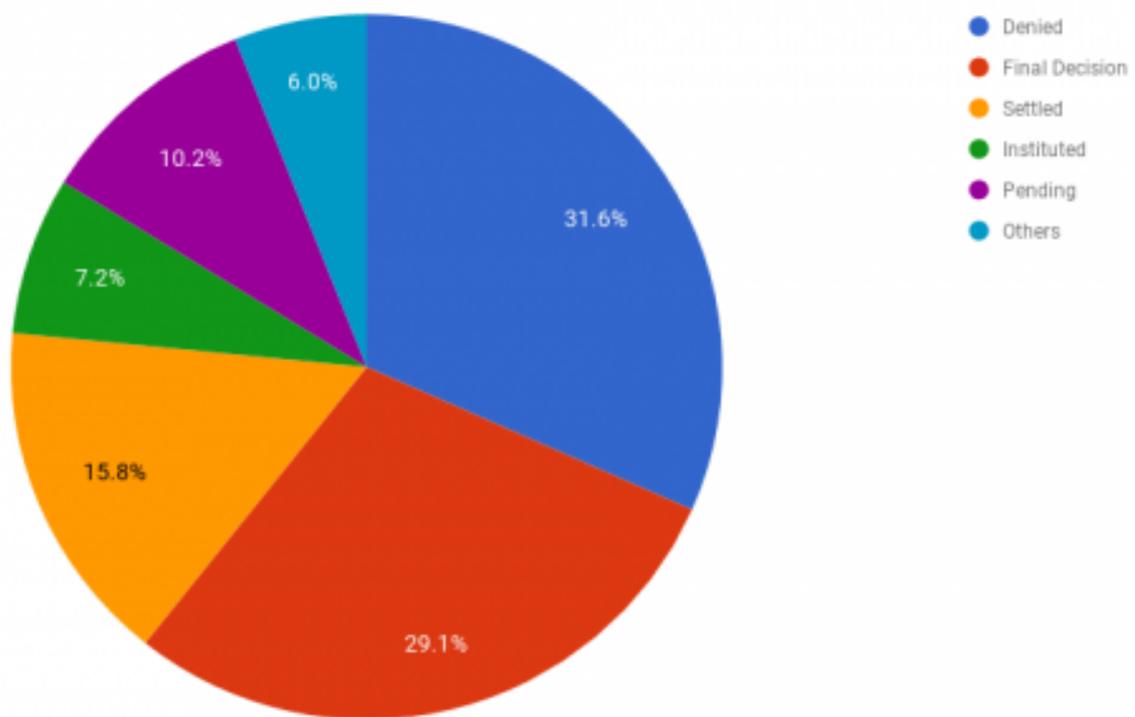


The IPR petition has formatting formalities, including a page limit of 60 pages and a requirement to be double spaced, 14 point font or larger.

In order for the petition to have a chance of being instituted, specific requirements must be met. The petition must contain the grounds for standings and an identification of all claims challenged and all grounds of the challenge to each claim. It is further required to provide a specific explanation of the

grounds for unpatentability as well as an explanation of the relevance of evidence relied upon. Additionally required are claim constructions and/or claim charts for each challenged claim. To be complete, the petition also requires an identification of all real parties of interest, copies of all evidence replied upon and the required fee, totaling around \$23,000 as of November 1, 2019. If the petitioner wishes to challenge multiple patents, they need to file separate petitions for each patent challenged.

**Status of Over 8,923 IPR Petitions as of January 1st, 2019**



**FIG. 2: Status of IPR Petitions as of January 1, 2019**  
Source: Patexia

After the filing of a petition, the patent owner has three months from the filing date of the petition to file a preliminary response. The preliminary response has a limited scope and can only state the reasons why the PTAB should not institute a trial and may not include any claim amendments. The PTAB determines the petition institution or not and identifies on a claim-by-claim basis the challenged claims and unpatentability challenges that will be part of the trial. The PTAB will only institute trial on challenged claims for which the petition has satisfied the threshold standard for instituting trial.

For IPR, the petition and any preliminary response must show that there is a reasonable likelihood that the petitioner would prevail on at least one of the challenged claims.

FIG. 2 above displays a chart of the PTAB decisions on IPR petitions filed from September 2012 through December 2018, totaling 8, 923 petitions. 36% of petitions reached institution or reached the Final Written Decisions, the denial rate of petitions was about 31%, and 16% of all petitions settled.



## PHASE 2: DISCOVERY/TRIAL

After the decision on the petition is made by the PTAB, discovery begins. The AIA offers very limited discovery in IPR proceedings, including the deposition of witnesses submitting affidavits or declarations and "what is otherwise necessary in the interest of justice." The PTAB broke the phase of discovery into three subsections: mandatory initial disclosures, routine discovery, and additional discovery. Additionally, discovery includes third-party discovery.

### **Mandatory Initial Disclosures**

Mandatory initial disclosures are not mandatory and in fact both parties need to agree and file a notice with the PTAB indicating the agreement on mandatory initial disclosures. An initial disclosure may include both parties disclosing identities of individuals likely to have discoverable information and provide documents they may use to support defenses, or if the IPR petition raises a combination of references wherein one of skill in the art would arrive at the claimed invention, the petitioner must make disclosures regarding the instant rejection.

### **Routine Discovery**

During the IPR proceeding, routine discovery is an automatic process. The producing party has an obligation to provide the required material independently. Routine discovery can include any exhibit cited in a paper or in testimony in the case, cross-examination of affidavit testimony, and/or information that is relevant and/or inconsistent with a part's case.

## PHASE 3: HEARING/DECISION

As a requirement, the PTAB must enter a written final decision no later than one year after instituting a trial. However, the Chief Administrative Patent Judge may extend the one-year period for good cause. Unlike the PTAB's decision on whether to institute trial, a party may appeal the final written decision to the Federal Circuit. Through 2017, 3.08% of final written decisions were appealed to the Federal Circuit.

### **Additional Discovery**

As a further step, the parties may agree to additional discovery. Additional discovery is used if the parties are unable to reach an agreement during the routine discovery. It is extremely uncommon however, for the PTAB to grant additional discovery. The burden to institute additional discovery is it is "necessary in the interest of justice" in an IPR proceeding. The PTAB has generally considered the following five factors, known as the "Garmin factors," to determine whether to grant a motion for additional discovery in an IPR proceeding under the "interests of justice" standard: Is there more than a possibility and mere allegation that something useful might be found? Does the request merely seek early identification of the opponent's litigation position? Can the party requesting discovery generate equivalent information through other means? Are the instructions easily understandable? Are the requests overly burdensome to answer?



In the PTAB's final written decision, the PTAB has the authority to cancel one and/or all claims based on anticipation under 35 U.S.C. §102 or obvious in view of prior art under 35 U.S.C. §103. Before a final written decision, both parties have the option to settle. In order to settle, the parties must file a true copy of an agreement between the parties with the PTAB.



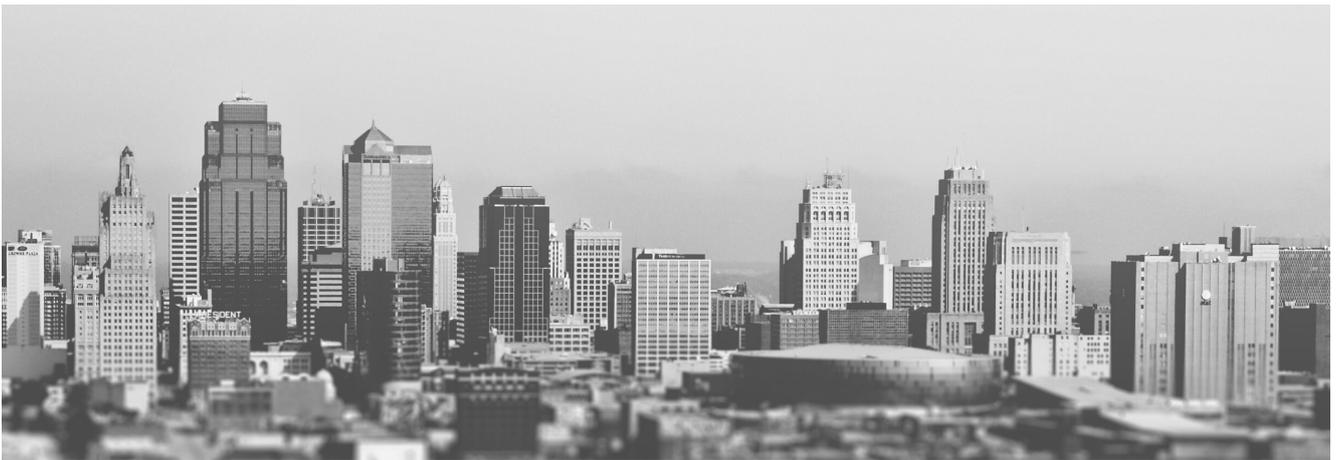
# WHY FILE AN IPR?

Inter partes review provides a less expensive alternative to patent litigation, which can cost upwards of millions of dollars. The time frame, scope of discovery and costs of an IPR are significantly less than those of a patent infringement lawsuit in federal court, due to a combination of strict regulations and a sole focus on the (in)validity of the patent. Post grant proceedings provide both parties an opportunity for negotiating a favorable outcome and settlement. The PTAB enters a final written decision within 1 year after initiating a post grant proceeding, resulting in reduced costs and a quicker result.

An inter partes review is a critical tool to use when one has grounds to challenge a patent, based on

prior art and/or printed publications. To provide yourself with the best opportunity when filing an IPR petition, make sure to know the varying rules governing IPR proceedings and learn from examples, such as from public documents filed in the proceedings.

After reviewing the key milestones in an inter partes review proceeding with the PTAB, one should have an understanding of the timeline and procedural requirements and/or systems in place. As demonstrated above, requesting an inter partes review is a very complicated process. If you are not familiar with the process, it is easy to overlook and/or miss critical steps.



## Caldwell Intellectual Property Law

INNOVATE. WIN.

Caldwell IP's practitioners and professionals collectively offer targeted USPTO insight and expertise and serve as an invaluable resource to Caldwell IP's clients that have come to rely on the firm's uniquely qualified experts, can-do attitude, and personalized service to help them win. We strive to exceed our clients' expectations when it comes to responsiveness, accessibility, and personal attention, often providing off-the-clock assistance and education to support their strategic goals.

[WWW.CALDWELLIP.COM](http://WWW.CALDWELLIP.COM)

