Challenges to Patent Validity at the USPTO PTAB

By Theodore G. Baroody

An Inter Partes Review (IPR) is a trial held before the Patent Trial and Appeal Board (PTAB) that determines whether a given patent is valid. Filing an IPR means that you are challenging an existing patent.

With every type of patent eligible for review, IPRs are becoming more common and troublesome. When this happens, as a patent owner, you do have the opportunity to respond.

1. What is an IPR?

Inter Partes Review (IPR) is a procedure at the U.S. Patent and Trademark Office (USPTO) for any person or company (other than the patent owner) to challenge the validity of a U.S. patent based on prior art limited to patents or publications.

2. How many IPRs have been filed?

Since the IPR procedure was introduced as part of the America Invents Act in 2012, over 10,000 petitions for IPR have been filed. The procedure has become very popular, especially if a competitor has been sued for infringement of a patent. That competitor then often has a strong incentive to file an IPR to challenge the patent.

3. Do patent owners need to be concerned about IPRs?

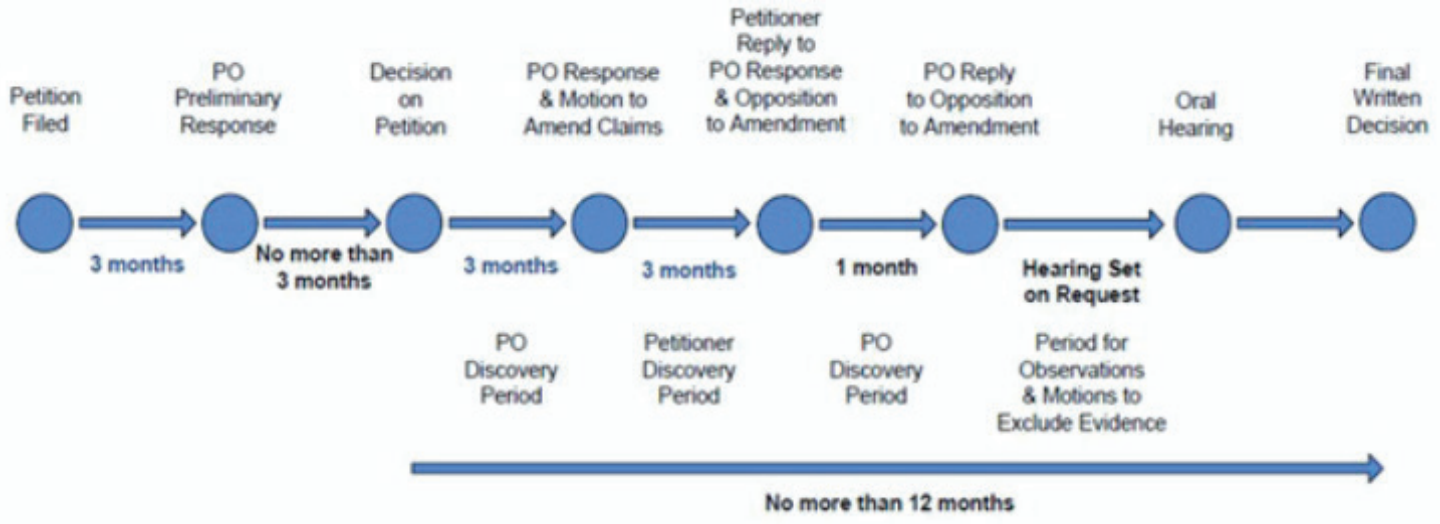
Yes. If an IPR is filed against your patent, analyzing data from 2015-2020, there is a roughly 48%-65% (varies by year) probability that the USPTO will institute an administrative trial after finding that there is a reasonable likelihood that at least one claim of the patent is invalid, according to recent statistics from the USPTO. The administrative trial process normally takes about a year.

4. Why would a competitor want to file an IPR?

If your company has been sued for patent infringement, it has the option to challenge the patent at the USPTO by filing a detailed petition for IPR based on prior art limited to patents and publications. However, a lawsuit for patent infringement having been filed against your company is not a prerequisite to challenging a patent in an IPR. There are often legitimate business goals that favor challenging invalid patents owned by a competitor.

5. What happens in an IPR trial?

The administrative trial takes place before a section of the USPTO known as the Patent Trial and Appeal Board (PTAB). The IPR will be considered by a panel of usually three administrative patent judges (APJs). The process begins with a 3-month period for the patent owner to prepare and file an optional preliminary response, including the opportunity to introduce expert testimony by a declaration (similar to an affidavit). Once the decision to initiate the trial is made by an APJ, there is a period for the patent owner to seek limited paper discovery of the petitioner, depose the petitioner's declarants, and file a detailed response brief. The petitioner then may take limited discovery of documents and depose the patent owner's declarations. The petitioner then files a reply brief. The PTAB then holds an oral hearing to listen to arguments by counsel for each side. Approximately 3 months later, the PTAB issues a final written decision, which may then be appealed to the United States Court of Appeals for the Federal Circuit, and occasionally then to the U.S. Supreme Court. There is no jury. The trial process is illustrated on the next page.



In some circumstances, it is possible for the patent owner to file a motion to amend claims of the patent in an effort to avoid the asserted prior art.

6. Which attorneys may represent a petitioner or patent owner in an IPR at the PTAB?

The PTAB rules generally require at least one attorney who is registered to practice before the USPTO be included as lead counsel representing a petitioner or patent owner.

7. Does an IPR consider "best mode", "indefiniteness", "on-sale bar" (not involving a patent or publication) or "inequitable conduct" defenses?

No. The IPR process is limited to consideration of prior art patents and publications. These are less factually oriented than the above defenses, which are normally raised by the alleged infringer in a federal district court trial.

8. Is patent ownership or inventorship challenged in an IPR?

No. A separate proceeding at the USPTO now known as a Derivation Proceeding is necessary to challenge inventorship at the USPTO. The procedure was previously known as an interference proceeding and generally involves at least one pending patent application. A federal district court may also decide patent ownership and inventorship in certain circumstances. Patent ownership may also be the subject of a suit in state court.

9. What are a PGR and CBM?

These are similar proceedings to an IPR. During the first 9 months after a U.S. patent issues, a petition for Post Grant Review (PGR) may be filed based on any statutory grounds to support invalidity, but not based on equitable defenses such as inequitable conduct. A Covered Business Method (CBM) review is a specialized proceeding generally directed to certain patents involving financial transactions.

10. What is the filing fee at the USPTO for IPRs, PGRs and CBMs?

Filing fees are substantial compared with patent application filing fees. However, overall costs for filing fees, legal fees and expert fees for an IPR, PGR or CBM are generally much less than the average cost to defend a patent case through trial in federal district court. Generally, the USPTO filing fee for an IPR would start at roughly $30,000, and increase depending on the number of claims asserted to be invalid. Find more information on IPR filings here: https://www.uspto.gov/learning-and-resources/fees-and-payment/uspto-fee-schedule.

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