



IP ESSENTIALS

A Toolkit for Entrepreneurs,
Innovators, and Business Owners

INTER PARTES REVIEW



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Inter partes review, also known as IPR, is an administrative procedure in the United States Patent and Trademark Office for challenging the validity of a patent. IPR was created as part of the 2011 Leahy-Smith America Invents Act as an alternative to raising some patent validity challenges in U.S. district courts.

Q How does someone challenge a patent in IPR?

A A party (including an entity such as a corporation) challenges a patent in IPR by filing a petition for *inter partes* review with the Patent Trial and Appeal Board (PTAB), a board of administrative law judges within the U.S. Patent & Trademark Office (USPTO). The petition must identify every claim the petitioner is challenging, every ground of patent invalidity the petitioner wants to raise for every claim, and all of the evidence the petitioner has to support each ground. Filing a petition also requires the payment of a fee set by the USPTO.

Q Who can challenge a patent in IPR?

A Any person, including corporations but not the U.S. government, can petition for IPR of a U.S. patent. Except, anyone who has been sued for patent infringement can only petition for IPR within one year after they have been served with a complaint. It is important for people who have recently been sued for patent infringement to consider whether or not IPR is right for them as early as possible after they have been sued.

Q Does a person have to be sued before they can petition for IPR?

A No. A person can petition for IPR if they have not yet been sued, or even if they are at no risk of ever being sued for patent infringement.

Q Why would a person consider IPR if they can make the same arguments in court?

A The burden of proof for invalidating a patent is lower in IPR relative to district courts. A claim in IPR will be invalidated if the challenger proves it is unpatentable by a *preponderance of the evidence*. Preponderance of the evidence means the patent is more likely invalid than not. The burden of proof is higher in district courts because courts presume that the USPTO did its job correctly when it issued a patent. A patent challenged in district court will only be invalidated based on *clear and convincing evidence*. Clear and convincing evidence means proof that the patent is substantially more likely to be invalid than not.

Q Are there limitations to filing for IPR compared to challenging validity of a patent in court?

A IPR is more limited than the courts in terms of the evidence that can be presented. A petitioner can only challenge a claim in IPR by arguing that it is anticipated or obvious over

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the prior art. And PTAB will only consider prior art evidence in the form of patents and printed publications. In district courts, an accused infringer can challenge the patent under any ground recognized by law, including grounds that attack the sufficiency of the specification, or that allege that the patent claims things that could never be entitled to patent protection.

Q Are there any advantages to IPR for petitioners?

A Yes. The lower burden of proof can make it easier to invalidate a patent in IPR compared to litigation. The PTAB may also have a better understanding of patent law and many types of technology than some district court judges, which can be advantageous to challengers of weak patents. IPR can also cost significantly less than litigation in court. And, because IPR is solely focused on the validity of the challenged patent, whether or not the petitioner infringes the patent is not something the PTAB can consider. Where a petitioner has good reason to believe that a patent is invalid, it is usually in their interest to petition for IPR.

Q Are there any advantages to IPR for patent owners?

A IPR provides some advantages to patent owners. The patent owner can try to amend their claims once in IPR, which cannot be done at all in litigation. The PTAB may also have a better understanding of patent law and many types of technology than some district court judges, which can be advantageous to the owners of strong patents. A final written decision in favor of the patent owner in IPR will also prevent

the petitioner from making the same arguments to a district court. However, it is usually in the patent owner's interest to not find itself in IPR under most circumstances.

Q What can a patent owner do to avoid IPR?

A The best way for a patent owner to avoid IPR is to have a strong patent that is not invalid over the prior art. If a petition for IPR has been filed against a patent, a patent owner may be able to avoid having the PTAB institute review by filing a strong *preliminary response* to the petition. Because the PTAB has discretion to refuse even meritorious IPR petitions, a patent owner should carefully weigh the factors the PTAB relies on in exercising that discretion. In general, the more advanced district court litigation is by the time a petition is filed, the less likely a judge is to *stay*, or pause, litigation in court in favor of IPR, and the weaker the arguments in the petition are for invalidating the patent, the less likely it will be for the PTAB to institute IPR.

Q Is there any risk to a defendant in district court litigation if the defendant petitions for IPR?

A There is some risk. Congress did not want IPR to simply be a second opportunity for defendants who have challenged the validity of a patent in district court. If the PTAB issues a final written decision that does not invalidate a patent claim, then the petitioner is barred from challenging that same claim in district court litigation on any ground that reasonably could have been raised in IPR. A party can mitigate their risk by arguing grounds of invalidity in the litigation that could not have been raised in IPR.

Q Is there any risk to patent owners in IPR?

A Yes. A final written decision against the patent owner in IPR can invalidate a challenged patent claim, or even all the claims of a patent. Subject to any right to appeal, a patent that is invalidated by the PTAB will be invalid for all purposes. It cannot be asserted against any alleged infringer again.

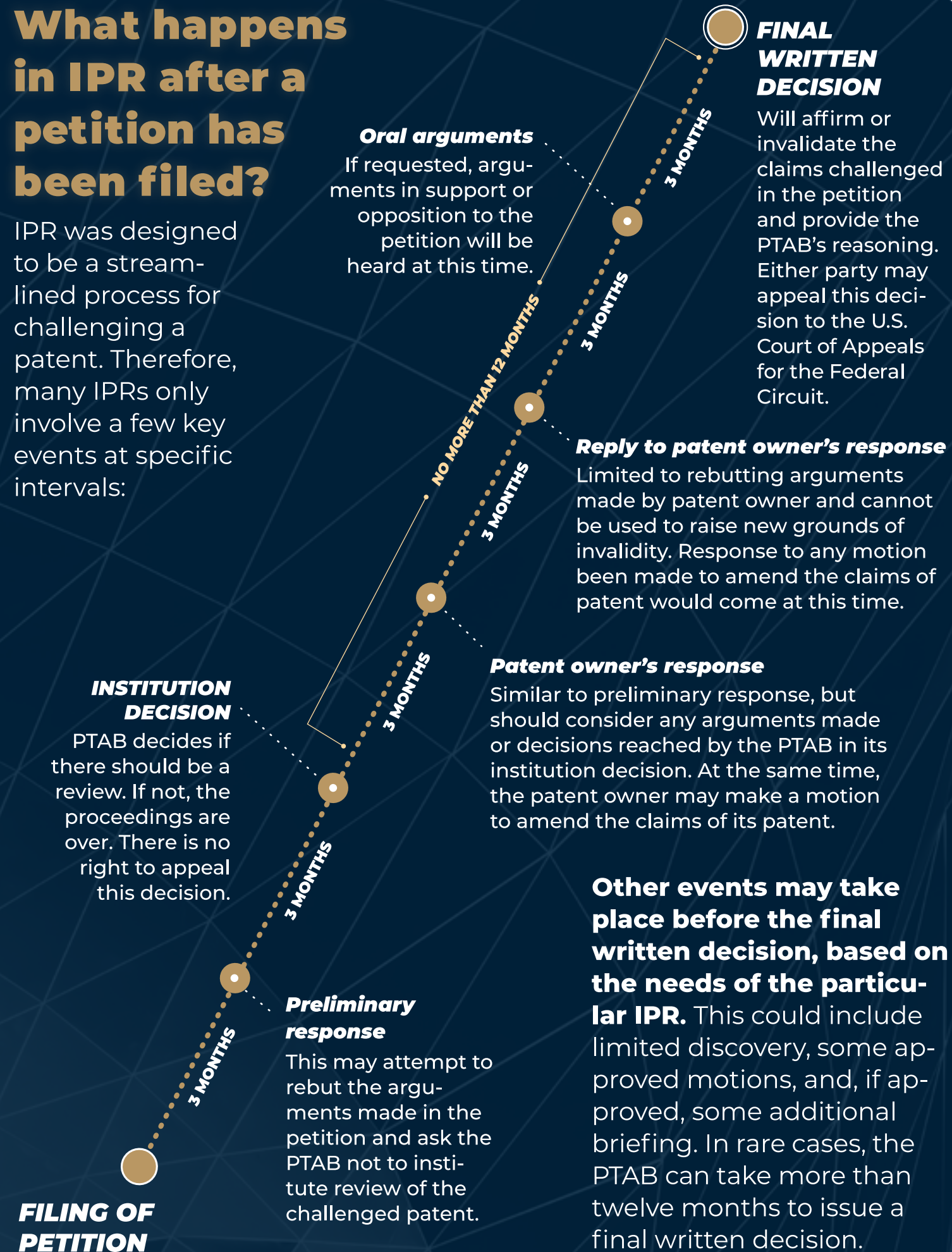
Q How expensive is IPR compared to district court litigation?

A IPR was designed to be a less expensive alternative to district court litigation. Under normal circumstances, IPR may only cost a small fraction of what it would cost to litigate a patent infringement case through trial. However, the costs of IPR are front-loaded for petitioners. The petition must contain complete arguments, with full evidentiary support, which requires a large investment of time and energy that might otherwise be developed over a longer period in litigation. The fee for filing a petition also costs many thousands of dollars. Although, a portion of the filing fee can be refunded if the petition is denied.

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What happens in IPR after a petition has been filed?

IPR was designed to be a streamlined process for challenging a patent. Therefore, many IPRs only involve a few key events at specific intervals:



Q What happens to a district court case if the defendant petitions for IPR?

A IPR and district court litigation are allowed to proceed in parallel. District courts are not required to stop or pause a litigation just because a petition has been filed, or because the PTAB has decided to institute review. However, some courts are willing to *stay*, or pause, litigation if it seems likely that the IPR has the possibility of narrowing the issues being litigated, or resolving the dispute entirely.

Q Are there limits to the number of patents or claims that can be challenged in IPR?

A A single petition for IPR can only challenge the validity of a single patent. There is no statutory limit to the number of claims of a patent that can be challenged in a single petition. However, because the PTAB limits the length of petitions, and requires the petitioner to make fully supported arguments, there may be a practical limit to the number of claims that can be effectively challenged in a single petition. A petitioner may file multiple petitions against multiple patents. Or it can file multiple petitions against a single patent.

Q Under what circumstances will the PTAB institute IPR?

A The PTAB is allowed to institute IPR if it determines that there is a *reasonable likelihood* that the petitioner would show that at least one of the claims it has challenged would be unpatentable. A reasonable likelihood is a lower standard than *preponderance of the evidence*, but still requires a significant amount of proof.

Q Under what circumstances will the PTAB refuse to institute IPR?

A The PTAB's authority to institute IPR is discretionary, meaning it is never required to institute IPR even for petitions that meet the legal criteria for institution. The PTAB will exercise its discretionary authority to deny petitions for several reasons. If related district court litigation is very advanced, and concerns the same parties and the same issues, or if the petition meets the bare legal threshold for institution but is not very strong, then the PTAB may deny the petition. The PTAB will always deny a petition for IPR if it fails to meet the *reasonable likelihood* burden of proving that at least one challenged claim is unpatentable.

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Q How can a patent owner amend its claims in IPR?

A A patent owner can attempt to amend its claims by filing a motion at the time it files its patent owner's response to the petition. Any proposed amendment must be narrower in scope than the unamended claims. Amended claims also cannot introduce *new matter*, meaning any amended claim must be fully supported by the written description of the originally-filed patent. The amendment must also be related to the challenges raised against the patent in the petition for review. And the patent owner must prove that the amended claims would be patentable over the prior art.

Q Can a patent owner get damages or an injunction if they win an IPR?

A No. IPR is solely focused on adjudicating the validity of the challenged patent. A petitioner cannot be found liable for infringement through IPR, and the patent owner cannot receive money damages or an injunction.

In certain circumstances, if the patent owner goes on to win any related district court litigation, and the judge of that case decides to award the patent owner its attorneys' fees, the court may consider the fees spent by the patent owner in IPR as part of that award. The award of attorneys' fees in patent litigation is reserved only for exceptional cases, and should never be presumed.

Q Can a petitioner get damages or an injunction if they win an IPR?

A No. IPR is solely focused on adjudicating the validity of the challenged patent. A victorious petitioner can invalidate some or all of the challenged patent and may obtain the benefit of avoiding some litigation costs and reducing or eliminating the risk of being found liable for infringing the challenged patent. But, the PTAB does not have the authority to grant other relief.

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Q If a party is unhappy with the PTAB's institution decision, can they appeal?

A No. Neither party can appeal the PTAB's institution decision, or any decision that is closely related to the institution decision.

Q If a party is unhappy with the PTAB's final written decision, can they appeal?

A Yes. A party may appeal the PTAB's final written decision. The appeal is made to the Court of Appeals for the Federal Circuit, which is the court designated to hear all appeals of patent-related matters. The appeal of an IPR decision proceeds in much the same way as an appeal from a decision by a court in litigation.

Q Can parties settle an IPR?

A Yes, with certain caveats. If the parties in IPR agree to settle their dispute, the PTAB will terminate the petitioner from the proceedings. If there are no petitioners left, then the PTAB may terminate the IPR. However, the PTAB can choose to continue the IPR even without the participation of any petitioner. This is unusual, because the PTAB has limited time.

Q Can a person participate in an IPR filed by another person?

A There is a limited right for third parties to join an IPR filed by another petitioner that has already been instituted by the PTAB. *Joinder* is accomplished by filing a separate petition for IPR, along with a motion for joinder. Such a motion cannot be used to raise new issues that were not part of the original IPR.

This IP Essentials Topic is one of a series:

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