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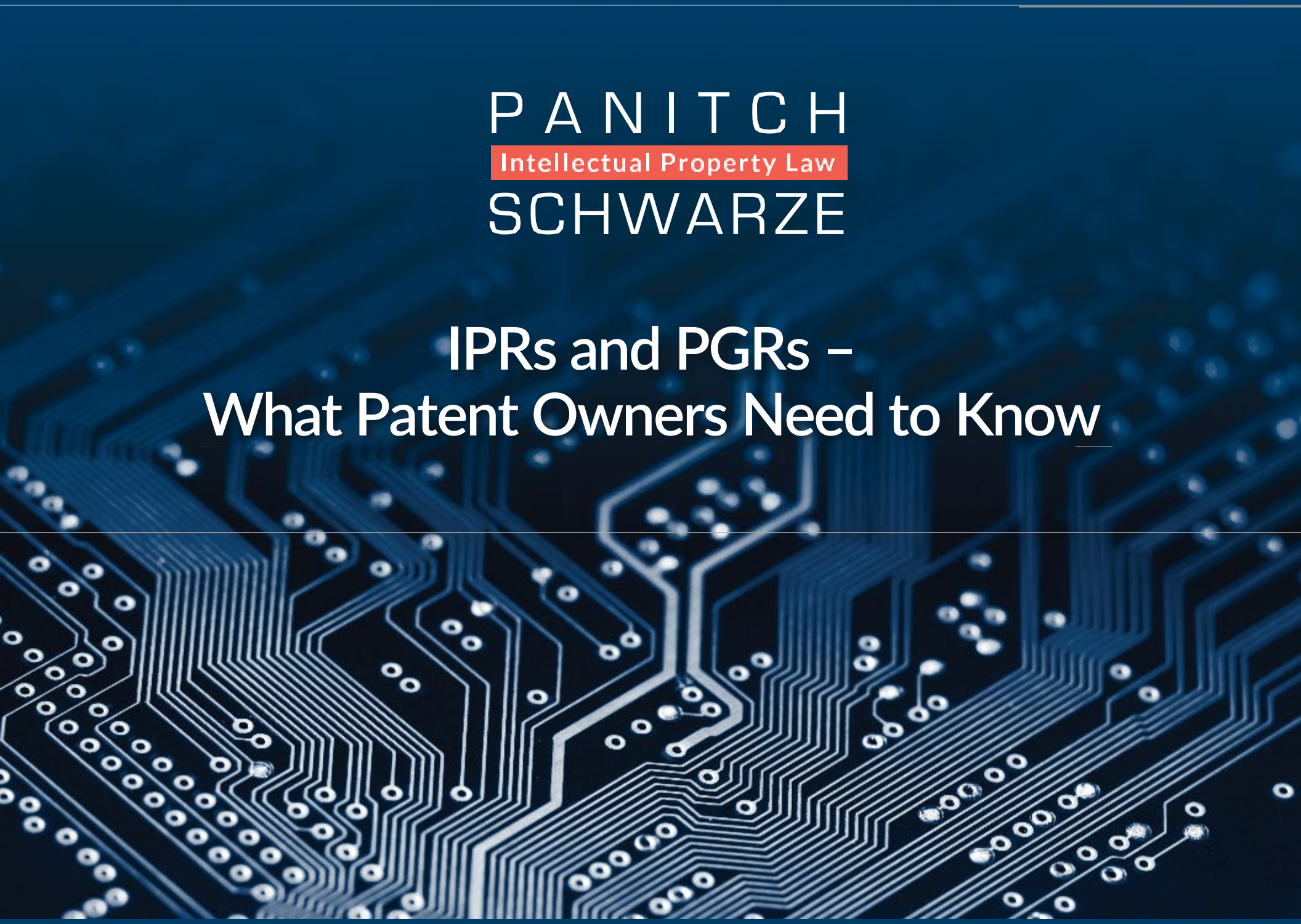
IPRs and PGRs – What Patent Owners Need to Know



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What is the Patent Trial and Appeal Board and What Role Does it have with IPRs and PGRs?

The Patent Trial and Appeal Board ("PTAB" or "Board") is a tribunal of the U.S. Patent and Trademark Office ("PTO") that, among other things, assesses the institution and trial of IPRs and PGRs. The "PTAB" includes statutory members (such as the PTO Director, Deputy Director, and Commissioner for Patents) as well as administrative patent judges ("APJs"). "APJs," who are Article I judges, have technical backgrounds and are registered with the PTO. Typically, panels of three "APJs" decide each IPR and PGR.

What are IPRs and PGRs?

An *inter partes* review ("IPR") or post-grant review ("PGR") is a proceeding that permits a Petitioner to attack the validity of one or more claims of your issued patent. These proceedings are designed to provide a faster, cheaper alternative to district court litigation. IPRs and PGRs only examine validity and do not adjudicate infringement or award damages, injunctions, or other remedies. They were created by the American Invents Act ("AIA"), which was enacted on September 16, 2011. Provisions governing IPRs and PGRs took effect on September 16, 2012.

What are the Differences Between IPRs and PGRs?

The proceedings are very similar, but the *window of vulnerability* in which your patent can be attacked and the t*ypes of attacks* the Petitioner can make in these proceedings differ.

Window of Vulnerability

For PGRs, only patents with at least one AIA claim, *i.e.*, one with a priority date on or after March 16, 2013, are eligible. A Petitioner must bring a PGR within nine months of issuance (or re-issuance) of the patent. For IPRs, all patents are eligible, and there is no deadline for filing. However, if your patent has at least one AIA claim, the Petitioner must wait to file a Petition until the later of nine months after issuance (or re-issuance) or termination of any PGR on the patent.

Types of Attacks

For IPRs, the only attacks a Petitioner can make are anticipation (35 U.S.C. § 102) and obviousness (35 U.S.C. § 103) based upon patents and printed publications.[1] For PGRs, in addition to anticipation and obviousness attacks, a Petitioner can also attack based upon a lack of written description (35 U.S.C. § 112), indefiniteness (35 U.S.C. § 112), lack of enablement (35 U.S.C. § 112), and eligibility (35 U.S.C. § 101).

Can the Validity of my Patent be Attacked in Both District Court and Before the PTAB?

If a Petitioner wants to file an IPR or PGR attacking the validity of your patent, the Petitioner (and any real party in interest) cannot have previously filed a civil action in district court challenging the validity of the same patent. So, a Petitioner must decide whether it wants to initially attack validity in district court or before the PTAB.[2] The theory is an attacker should not get "two bites at the [validity] apple." However, a Petitioner *can* file a civil action for a declaratory judgment of noninfringement in district court without hindering the ability to concurrently or subsequently challenge validity before the PTAB.

A Petitioner can file a civil action in district court following an IPR or PGR, but issues that arise include whether the district court will stay the civil action pending the outcome of the IPR or PGR and the potential impact of estoppel.[3]

[1] Under *Uniloc 2017 LLC v. Hulu LLC*, No. 2019-1686, 2020 U.S. App. LEXIS 22835 (Fed. Cir. July 22, 2020), the PTAB may address eligibility of proposed amended claims under 35 U.S.C. § 101. Thus, while a Petition cannot initially raise an eligibility attack, one may be brought if the Patent Owner elects to file a Motion to Amend.

[2] Conversely, filing a counterclaim for declaratory judgment of invalidity does not bar a subsequent IPR or PGR petition. *See 35 U.S.C. †† 315(a)(3), 325(a)(3).*

[3] For an IPR or PGR that results in a Final Written Decision, a Petitioner (or real party in interest or privy of the Petitioner) may not assert either in district court or in the ITC that any claim "is invalid on any ground that the petitioner raised or reasonably could have raised" during the IPR or PGR. *See 35 U.S.C. †† 315(e)(2); 325(e)(2).*

THE BASICS

Now That a Petition Has Been Filed, How Long Do These Things Take?

IPRs and PGRs were designed to be *fast* proceedings. There are two major phases: **a pre-institution phase** (which lasts up to six months) **and a post-institution or "trial" phase** (which lasts up to twelve months, absent special circumstances). The entire proceeding generally takes eighteen months or less from the time the Petition is accorded a filing date to issuance of the Final Written Decision. This is much faster than most district court proceedings, which typically take two to five years.

Your First Deadline

Be aware that a clock is already ticking for your first deadline. **Within 21 days of service of the Petition you need to file your Mandatory Notices.** The Mandatory Notices are: the real party-in-interest, related matters, lead and back-up counsel, and service information. *See 37 C.F.R. † 42.8.* You must also file a Power of Attorney, unless designated counsel is already of record. *See 37 C.F.R. † 42.10(b).* **Thus, you need to choose PTAB counsel quickly.**

We're Already Litigating in District Court. May We Use the Same Attorneys?

Maybe. Lead counsel in IPRs and PGRs must be registered to practice at the PTO. If your district court attorney is not a registered patent attorney, he/she may serve as back-up counsel if admitted *pro hac vice* (or "for that matter"). The PTAB generally permits such admission upon a showing of good cause (such as a showing of experience and established familiarity with the subject matter of the attack). **An important issue to consider when deciding whether to use any member of the district court team in an IPR or PGR is the extent and nature of any Protective Order in the district court proceeding** (especially if you intend to file a Motion to Amend, discussed below).

Should I Be Concerned?

Yes. **You need to take the Petition very seriously**, as the PTAB institutes trials more often than not, and many claims have been "killed" by the PTAB. You need to choose PTAB counsel quickly and consider at least the following issues carefully.

Is the Petition Defective?

At the outset, you should consider whether the Petition contains certain fundamental flaws, such as: did the Petitioner miss its one-year deadline?[4]

What Do I Look For In the Petition – Threshold Standards and Burdens

For an IPR to be instituted, the Petition must demonstrate a reasonable likelihood that the Petitioner will prevail as to at least one of the claims challenged (may encompass a 50/50 chance). For a PGR to be instituted, the Petition must demonstrate that it is more likely than not that at least one of the claims challenged is unpatentable (greater than 50% chance). The burden of proof in IPRs and PGRs is "preponderance of the evidence" whereas the burden of proof in district court and before the International Trade Commission ("ITC") is "clear and convincing." **Thus, there is a lighter burden of proof before the PTAB than before a district court.**

PTAB
Preponderance of the Evidence (Lighter Burden)

DISTRICT COURT/ITC
Clear and Convincing (Heavier Burden)

[4] If you have served the Petitioner with a complaint for patent infringement in district court, the Petitioner has a strict one-year deadline from service to file a Petition. *See 35 U.S.C. 315(b); see also GoPro, Inc. v. 360Heros, Inc.,* No. IPR2018-10754, Paper No. 38 (P.T.A.B. Aug. 23, 2019) (precedential).

The Director Has Discretion on Whether to Institute

Even if the Petition meets the statutory thresholds, the panel has discretion on whether to institute a trial. *See 35 U.S.C. †† 314(a), 324(a); Cuozzo Speed Techs., LLC v. Lee,* 136 S. Ct. 2131, 2140 (2016) ("[T]he agency's decision to deny a petition is a matter committed to the Patent Office's discretion."). Factors taken into account in deciding whether to exercise discretion include: efficiency of the process, fundamental fairness of the process for all parties, and whether the same or substantially the same prior art or arguments were previously presented to the Office, including via previously-filed petitions. *See, e.g., 35 U.S.C. †† 315(d), 325(d);* PTAB Consolidated Trial Practice Guide, p. 56 (Nov. 2019) (*citing General Plastic Co., Ltd. v. Canon Kabushiki Kaisha,* Case No. IPR2016-01357, Paper No. 19 at 16-17 (P.T.A.B. Sept. 6, 2017)). **The PTAB will institute on all claims challenged and all grounds alleged OR the PTAB will deny institution.**

Who Can Make These Attacks?

Any person who is not the owner of the patent may file an IPR or PGR.[5]

What is Required of the Petition?

A Petition is a written document filed with the PTAB. It may only attack one patent. Petitions have word limits: 14,000 words for IPRs and 18,700 words for PGRs. The Petition must set forth: the grounds for standing, the claim(s) attacked, the statutory grounds for the attack (*i.e.*, the types of attacks listed above), how the claims are to be construed, and how/why the construed claim is unpatentable. The Petition must also identify the real parties-in-interest, related matters (any judicial or administrative matter that would affect or be affected by a decision in the proceeding), lead and back-up counsel, and service information. The Petition is typically supported by one or more declarations of technical experts and supporting exhibits.

How are the Claims Construed?

Patent claims in IPRs and PGRs are now construed using the same claim construction standard that would be used to construe a claim in a civil action in district court, including "construing the claim in accordance with the ordinary and customary meaning of such claims as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent." *37 C.F.R. † 42.100(b); see also Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005).

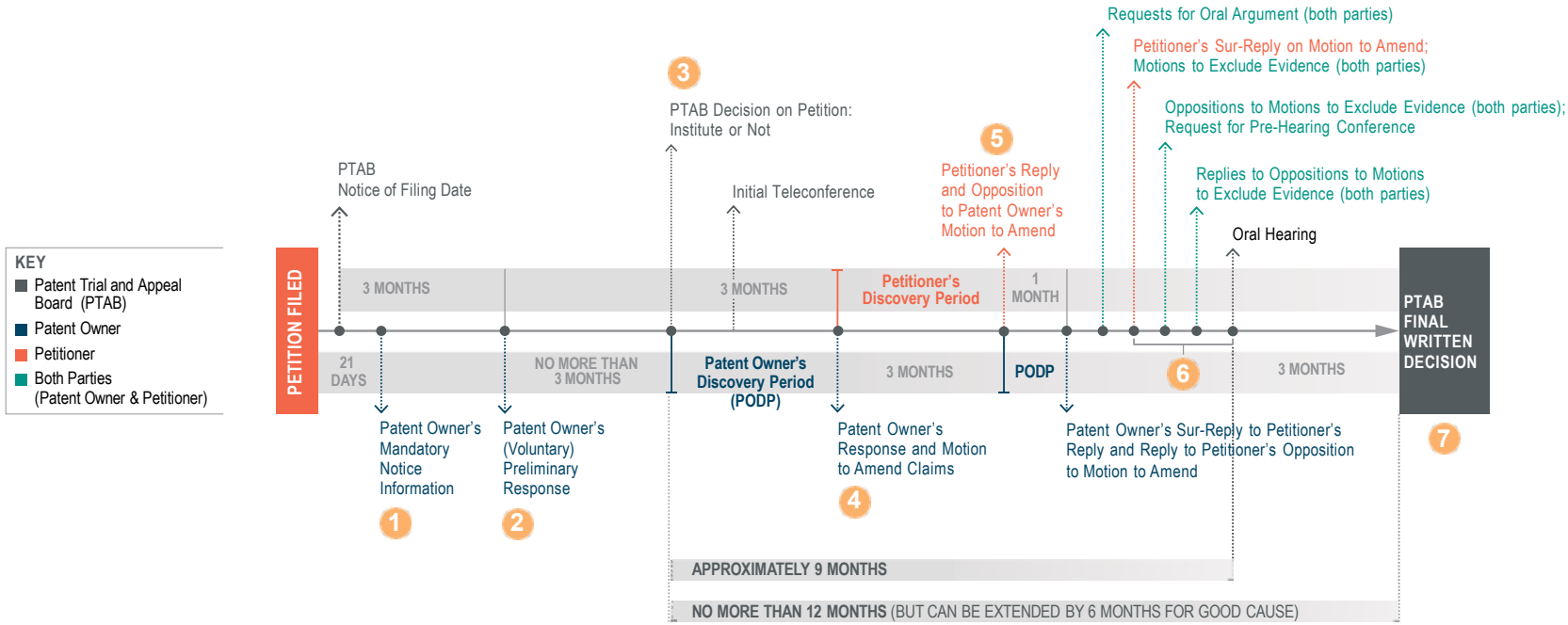
What Happens to the Petition When it is Filed?

Once a Petition is filed, the PTAB staff reviews the Petition for procedural compliance. Within anywhere from a few days to a few weeks (depending on PTAB caseload), the PTAB will: (1) if the Petition meets all clerical criteria, issue a Notice of Being Accorded a Filing Date, which starts the timeline shown below; or (2) if the Petition does not meet all clerical criteria, issue a Notice informing the Petitioner of the deficiencies and setting a deadline for correction.

[5] The Supreme Court recently clarified that that the U.S. Government is not a "person" within the meaning of 35 U.S.C. § 311, and thus cannot bring an IPR or PGR. *See Return Mail, Inc. v. United States Postal Service,* 139 S. Ct. 1853 (2019).

WHAT IS THE WHOLE TIMELINE?

These proceedings have a series of back-and-forth filings allocated among the parties and the PTAB. Key milestones are:



1 AFTER THE PETITION IS FILED

Once a Petition is filed, the onus shifts to the Patent Owner, who has up to three months to file an **optional** Preliminary Response.

2 AFTER THE PRELIMINARY RESPONSE DEADLINE

Once the Patent Owner either files a Preliminary Response, or notifies the PTAB that it waives that opportunity, or the three-month deadline passes, the PTAB has up to three months to issue its decision whether to institute a trial. If trial is not instituted, the proceeding ends.[6] If trial is instituted, Part 3 begins.[7]

3 IMMEDIATELY AFTER INSTITUTION

The decision to institute starts a new, three-month clock for the Patent Owner to file a Response and, if desired, a Motion to Amend. During those three months, the Patent Owner will typically depose the declarants whose statements are relied upon in the Petition.

4 AFTER THE PATENT OWNER RESPONSE

The filing of the Patent Owner Response starts a three-month clock by which the Petitioner must file a Reply and Opposition to the Motion to Amend (if applicable). During those three months, the Petitioner will typically depose the declarants whose statements are relied upon in the Patent Owner Response.

5 AFTER THE PETITIONER'S REPLY

The filing of the Petitioner's Reply starts a roughly one-month clock for the Patent Owner to file a Sur-Reply to the Petitioner's Reply and a Reply to the Opposition to the Motion to Amend (if applicable).

6 EVIDENCE DISPUTES AND ORAL HEARING

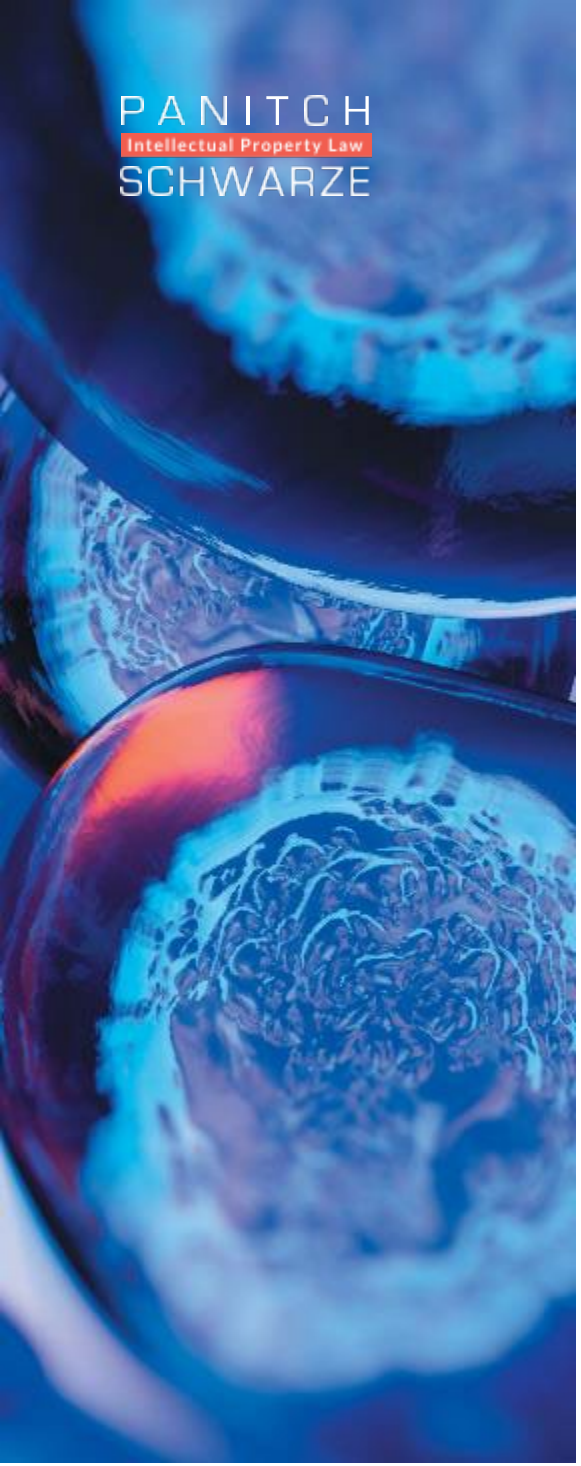
After the substantive briefing, the parties have concurrent deadlines for filing motions to exclude evidence and oppositions thereto, and for requesting a final Oral Hearing. If either party requests an Oral Hearing, the PTAB will alert the parties as to when that hearing will occur and how much time each party will be given during the hearing. The PTAB may consolidate arguments for trials instituted on similar/same-family patents.

7 FINAL WRITTEN DECISION

Absent extraordinary circumstances, within three months of the Oral Hearing the PTAB will issue a Final Written Decision.

[6] A PTAB decision to not institute is not appealable. *See Thryv, Inc. v. Click-to-Call Techs., LP,* 140 S. Ct. 1367, 1370 (2020). An unsuccessful Petitioner can file a request for rehearing by the PTAB within thirty days of entry of the decision not to institute. *37 C.F.R. † 42.71(d)(2).* The PTAB rarely grants such requests, however.

[7] A request for rehearing on a decision to institute a trial must be filed within 14 days of entry of the decision. *37 C.F.R. † 42.71(d)(1).* The PTAB rarely grants such requests, however.



SOME DETAILS

Do We Need an Expert?

Likely yes. The PTAB is a technically-savvy tribunal. Because every PTAB APJ has a technical background (unlike many district court judges), the APJs' assessment of patentability is extremely rigorous. Patent Owner Responses (and some Preliminary Responses) are typically supported by at least one detailed declaration of a technical expert. Due to the significance of these declarations, it is important to retain the expert(s) as early in the process as possible. The technical expert should have extensive experience in the subject matter of the challenged claims. The expert needs to be technically proficient, able to offer a declaration setting forth his/her opinions and the bases therefor, and able to withstand the deposition process.

Motions to Amend

The Patent Owner has the option to propose substitute claims, generally on a claim-for-claim basis. Motions to Amend are only reached if a given claim is found unpatentable. The PTAB grants very few motions to amend. In January of 2021, the rules governing IPRs and PGRs were amended to: (1) state that the Patent Owner "bears the burden of persuasion to show, by a preponderance of the evidence, that the motion to amend complies" with certain statutory and regulatory requirements; and (2) state that the Petitioner "bears the burden of persuasion to show, by a preponderance of the evidence, that any proposed substitute claims are unpatentable." *37 C.F.R. ††42.121(d), 42.221(d); see also Lectrosonics, Inc. v. Zaxcom, Inc.*, Case No. IPR2018-01129, -01130, Paper No. 15 at 3-4 (P.T.A.B. Feb. 25, 2019)); *see also Hunting Titan, Inc. v. Dynaenergetics Europe GmBH*, Case No. IPR2018-00600, Paper No. 67 at 13 (P.T.A.B. July 6, 2020) (precedential). The rules were further amended to: (3) state that "the Board may, in the interests of justice, exercise its discretion to grant or deny a motion to amend only for reasons supported by readily identifiable and persuasive evidence of record." *37 C.F.R. ††42.121(d)(3), 42.221(d)(3).*

The Oral Hearing

There are very few opportunities over the course of these proceedings to interact with the panel of APJs, and the Oral Hearing is one of them. Preparation for the Oral Hearing is a must and requires in-depth familiarity with the record. The APJ panel prepares extensively for these hearings and knows the record inside and out. Litigants must also be similarly prepared on the record and to respond to interrogation by the Panel. Litigants often submit demonstrative exhibits (which may not include any new evidence) prior to the Oral Hearing.

The Final Written Decision

Within three months of the Oral Hearing, the panel issues its Final Written Decision, which addresses all bases and all claims raised in the Petition as well as patentability of any proposed amended claims. Final Written Decisions typically address claim construction (when necessary), weight given to the experts' opinions, fact-findings regarding the scope and content of the prior art, the Panel's judgment on the disputed evidence, and the reasoning behind the Board's conclusion as to patentability.

What Comes Next?

A party dissatisfied with the Final Written Decision may file a single request for rehearing within 30 days of the entry of a final decision. Any such motion must specifically identify all matters the movant believes the Board misapprehended or overlooked, and indicate where in the record each matter was previously addressed in a motion, opposition, or reply. *37 C.F.R. †42.71(d).*

Can We Appeal?

Yes. The Federal Circuit reviews the Board's decision under the Administrative Procedures Act, which requires setting aside Board conclusions or findings that are "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law," or "unsupported by substantial evidence." *See, e.g., Alacritech, Inc. v. Intel Corp.*, No. 2019-1467, -1468, 2020 U.S. App. LEXIS 24153, at *5 (Fed. Cir. July 31, 2020) (citing *5 U.S.C. ††706(2)(A), 706(2)(E)*).

RELATED ISSUES

Can We Settle This Thing?

Yes. But the PTAB has the right to step into the shoes of the Petitioner and proceed with the patentability analysis. The earlier on in the process the proceeding is, the less likely the PTAB is to continue without both parties. The converse is also true, *i.e.*, the further along in the proceeding, the more likely the PTAB is to finish its patentability analysis and issue a Final Written Decision.

Estoppel Issues – How Might This Affect a District Court Proceeding?

If there is a related district court proceeding, be aware that the Petitioner cannot assert in district court any ground (*i.e.*, invalidity argument) that was raised or reasonably could have been raised in the IPR or PGR. *See 35 U.S.C. ††315(e)(2), 325(e)(2).* Now that the PTAB institutes petitions on an all challenged claims, all grounds basis, if a trial is instituted the Petitioner cannot raise those issues in the district court proceeding. But, if a trial is not instituted, then all those grounds may be raised in district court

Estoppel Issues – How Might This Affect Other Proceedings at the PTO?

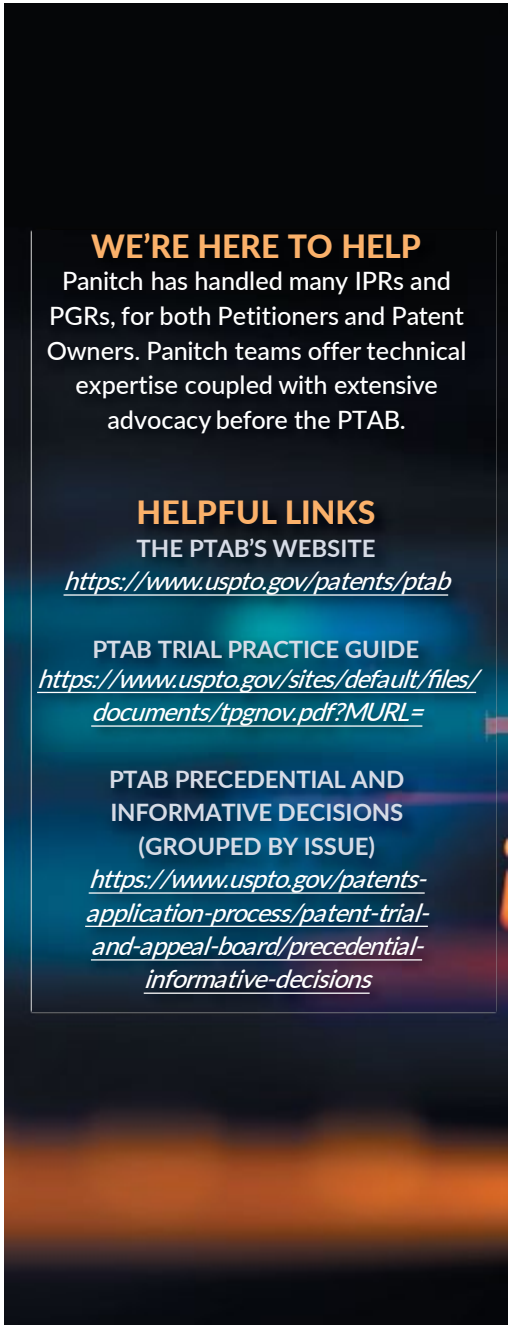
The outcome of the IPR or PGR may impact other proceedings at the PTO. Patent Owners are precluded from taking action in the PTO inconsistent with an adverse judgment, including obtaining a claim that is not patentably distinct from a finally-refused or cancelled claim. *37 C.F.R. †42.73(d)(3)(i).*

Is Discovery Permitted in These Proceedings?

Yes, but document discovery is limited and far less extensive than in district court. "Routine discovery includes: (1) production of any exhibit cited in a paper or testimony; (2) the cross-examination of the other side's declarants; and (3) relevant information that is inconsistent with a position advanced during the proceeding." PTAB Consolidated Trial Practice Guide at 23 (Nov. 2019). To obtain additional discovery, the PTAB generally allows narrowly-tailored requests: for IPRs, that further the "interests of justice" (*see 35 U.S.C. †316(a)(5); 37 C.F.R. †42.51(b)(2)*); and for PGRs, where "good cause" is shown and limited to evidence directly related to factual assertions advanced by either party in the proceeding (*see 35 U.S.C. †326(a)(5); 37 C.F.R. †42.224*).

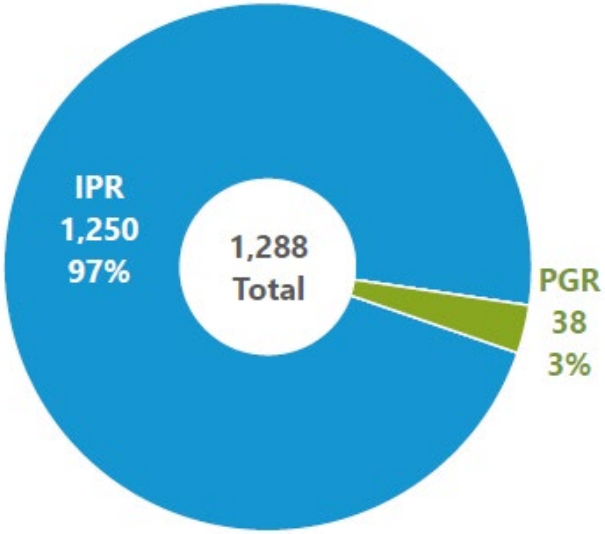
Can We Put a Protective Order in Place?

Yes. The PTAB has a default Protective Order. If either party wants a different Protective Order, there are procedures to get a different Order in place and the PTAB generally allows different Orders (provided the need is shown).



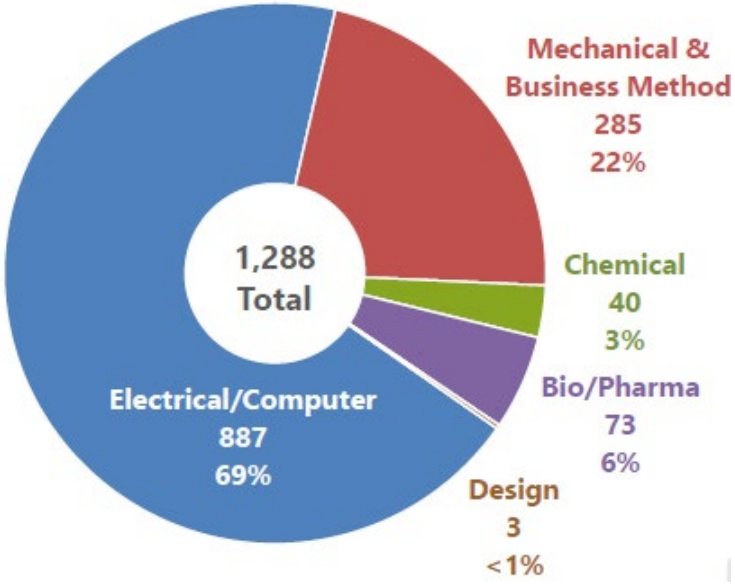
Petitions by Trial Type

(FY24: Oct. 1, 2023 to Sept.. 30, 2024)



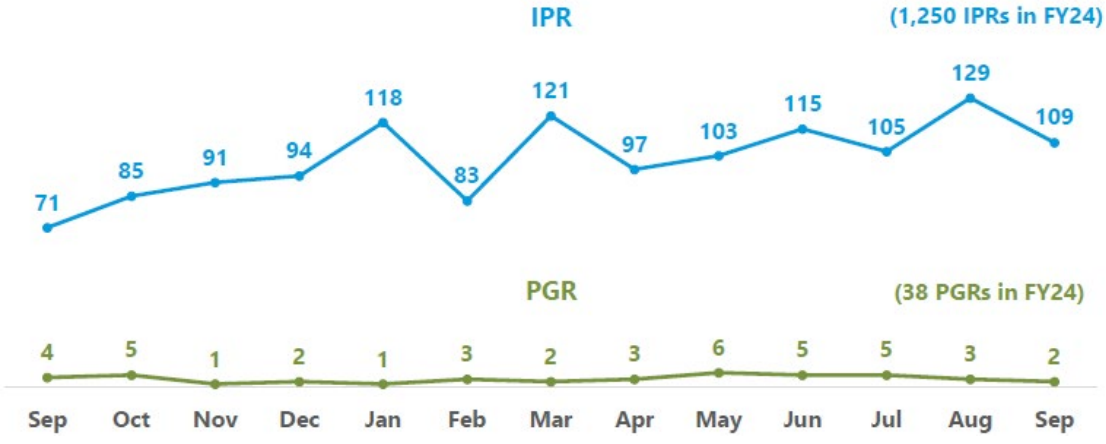
Petitions Filed by Technology

(FY24 : Oct. 1, 2023 to Sept. 30, 2024)



Petitions Filed by Month

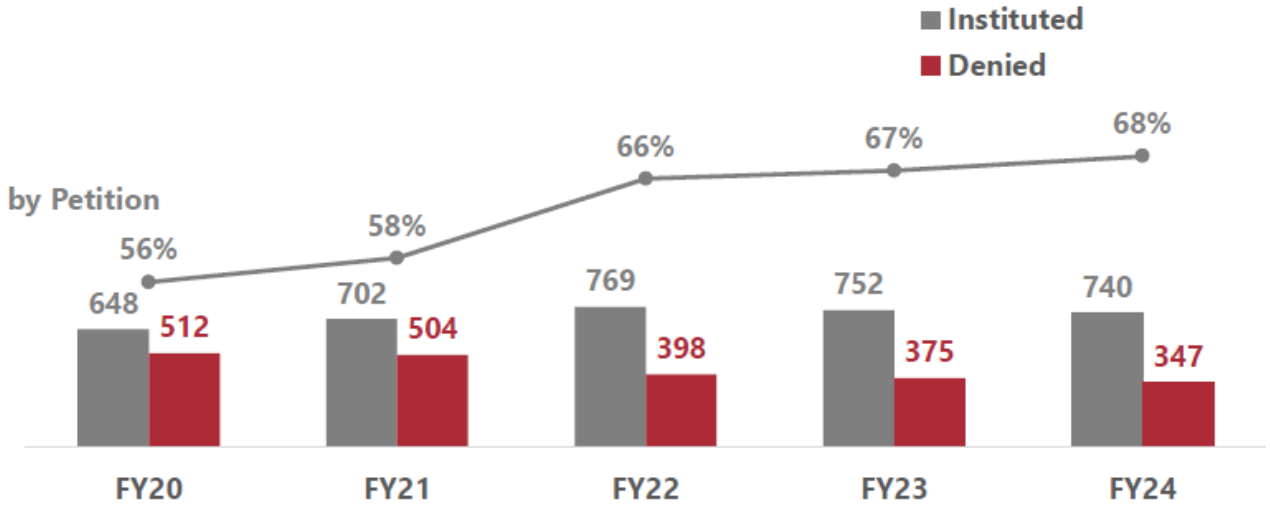
(Sept 2024 and Prior 12 Months: Sept. 1, 2023 to Sept. 30, 2024)



Source: USPTO Trial Statistics

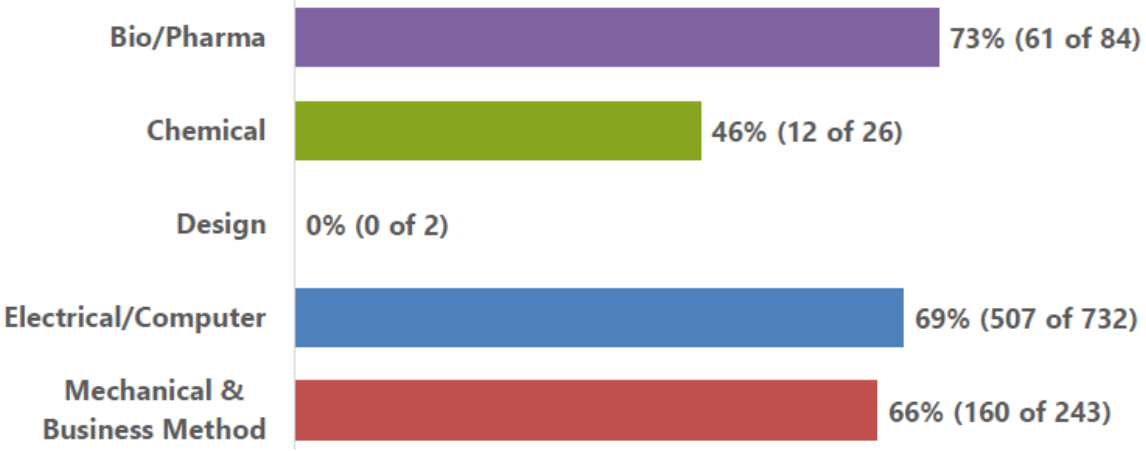
Institution Rates by Petition

(FY20 to FY24: Oct. 1, 2019 to Sept. 30, 2024)



Institution Rates by Technology

(FY24: Oct. 1, 2023 to Sept. 30, 2024)

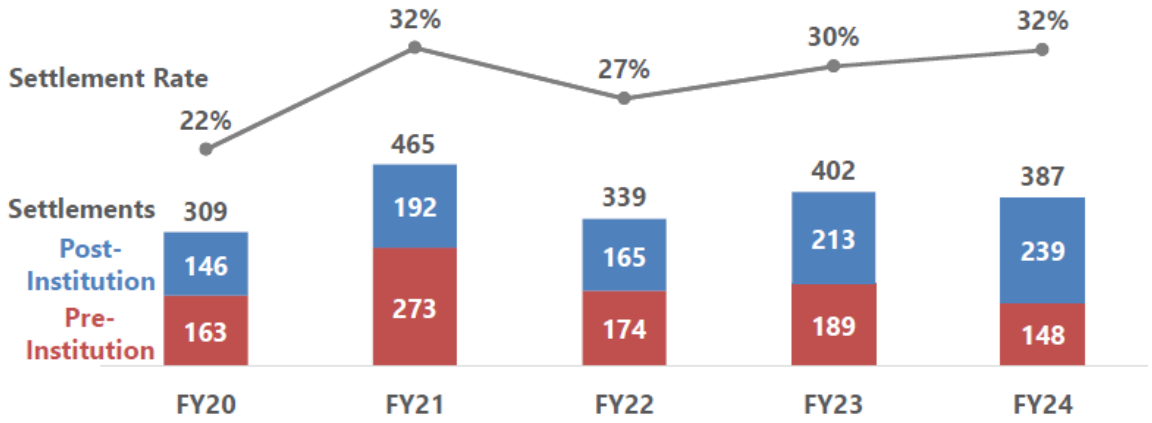


Institution rate for each technology is calculated by dividing petitions instituted by decisions on institution (i.e., petitions instituted plus petitions denied). The outcomes of decisions on institution responsive to requests for rehearing are excluded.

Source: USPTO Trial Statistics

Settlements

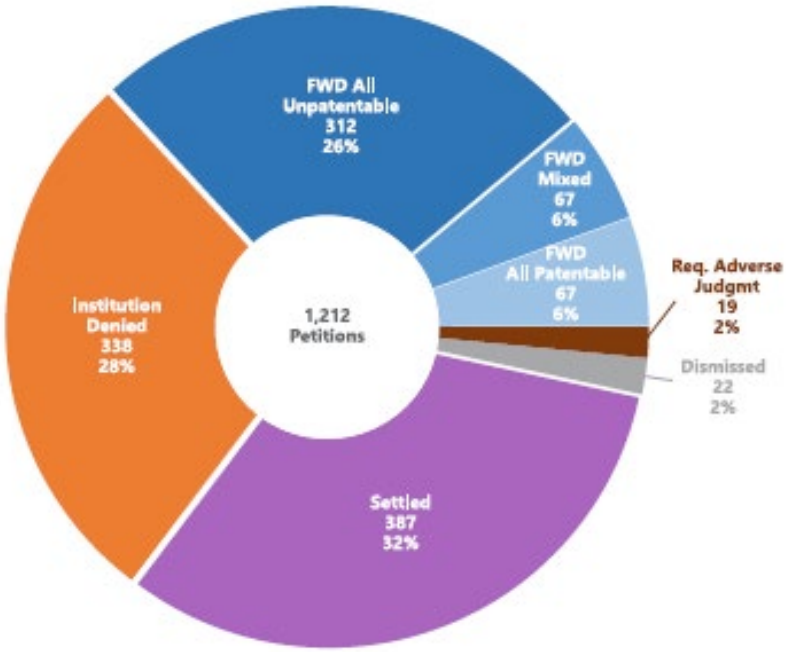
(FY20 to FY24: Oct. 1, 2019 to Sept. 30, 2024)



Settlement rate is calculated by dividing total settlements by concluded proceedings in each fiscal year (i.e., denied institution, settled, dismissed, requested adverse judgment, and final written decision), excluding joined cases.

Outcomes by Petition

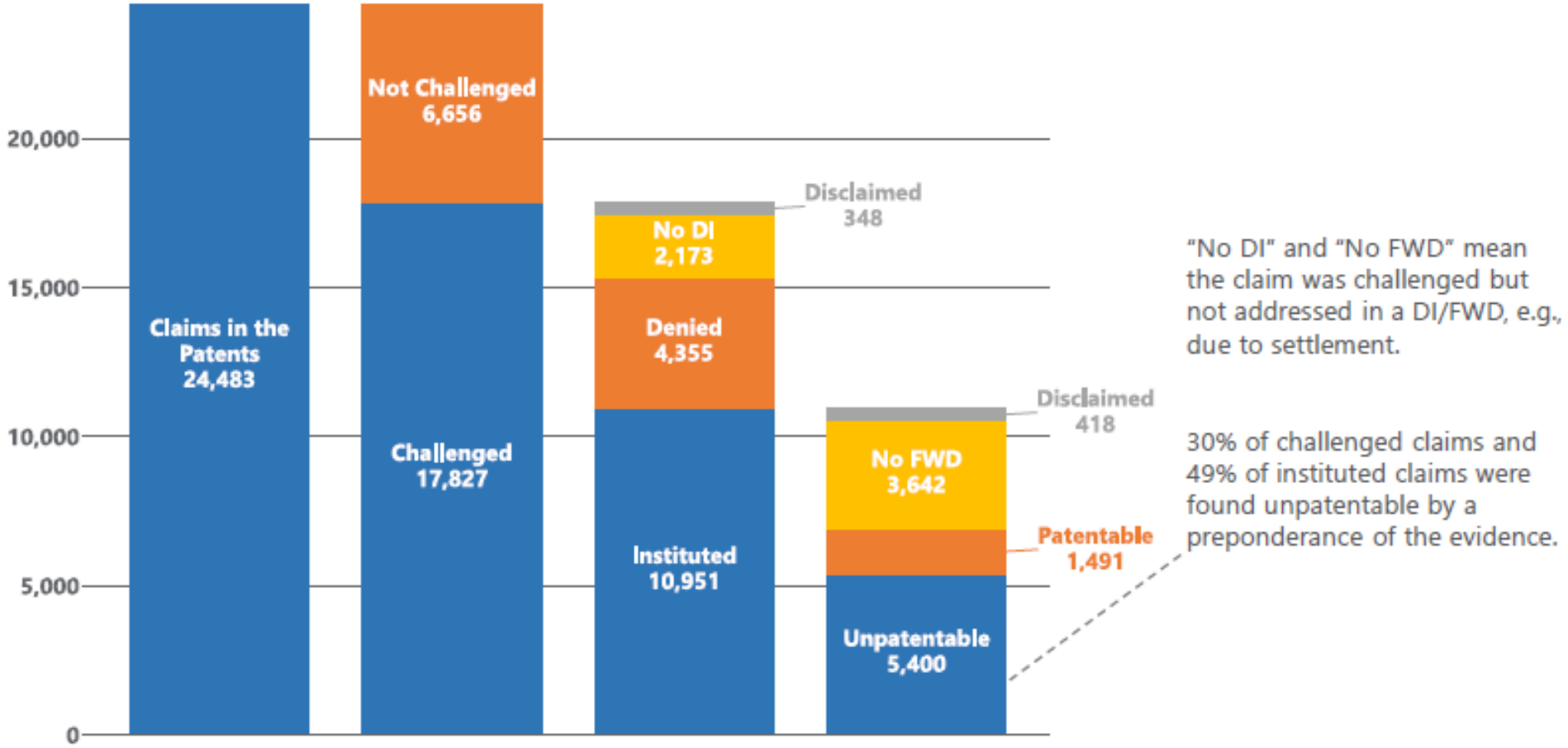
(FY24: Oct. 1, 2023 to Sept. 30, 2024)



Source: USPTO Trial Statistics

Claim Outcomes

(FY24: Oct. 1, 2023 to Sept. 30, 2024)



"No DI" and "No FWD" mean the claim was challenged but not addressed in a DI/FWD, e.g., due to settlement.

30% of challenged claims and 49% of instituted claims were found unpatentable by a preponderance of the evidence.

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