



## Inter Partes Review: Overview

Inter partes review (IPR), is a process created by the 2011 America Invents Act (AIA), provides a low-cost alternative to traditional patent litigation by using patent experts within the USPTO to take a second look at certain patents. IPRs are conducted through an administrative trial where Administrative Patent Judges review the validity of a patent only as it relates to two specific types of prior art: patents and printed publications. The Supreme Court has recently described the process as a way to efficiently “weed out” bad patents claims.<sup>1</sup> Additionally, IPRs are typically affirmed by the Federal Circuit about 85% of the time suggesting that the PTAB process is working.<sup>2</sup>

IPR has become a popular and effective alternative to resolve patent disputes for a variety of reasons. IPRs normally conclude faster than district court litigation. The USPTO typically makes a decision of whether or not to institute an IPR within six months of the petition and comes to a final written decision within one year of institution. This is much faster than district court litigation, which takes an average of about two and a half years just to make it to trial.<sup>3</sup> IPRs are also typically less expensive than district court litigation. A survey by the AIPLA has shown that the median cost of filing an IPR is \$100,000 (through to the petition stage) and about \$250,000 (cost through obtaining a final written decision). The cost to litigate these patent disputes in court is far more significant:<sup>4</sup>

Median Litigation Costs – Patent Infringement, All Varieties				
	2011	2013	2019	% Change from 2013 to 2019
Less than \$1 Million at Risk	\$650,000	\$700,000	\$700,000	0.0%
\$1–\$10 Million at Risk	N/A	\$2,000,000	\$1,500,000	-33.3%
\$10–\$25 Million at Risk	N/A	\$3,325,000	\$2,700,000	-23.1%
More than \$25 Million at Risk	\$5,000,000	\$5,500,000	\$4,000,000	-37.5%

Indeed, the creation of IPR has saved at least \$2.31 billion in deadweight loss due to litigation.<sup>5</sup> This is in spite of the fact that very few IPRs are instituted, only 745 in 2019, especially when compared to how many patents are granted, 314,068 in 2019.<sup>6</sup>

## How Does It Work?<sup>7</sup>

<sup>1</sup> [https://www.supremecourt.gov/opinions/19pdf/18-916\\_f2ah.pdf](https://www.supremecourt.gov/opinions/19pdf/18-916_f2ah.pdf)

<sup>2</sup> <https://www.law360.com/articles/1186817>

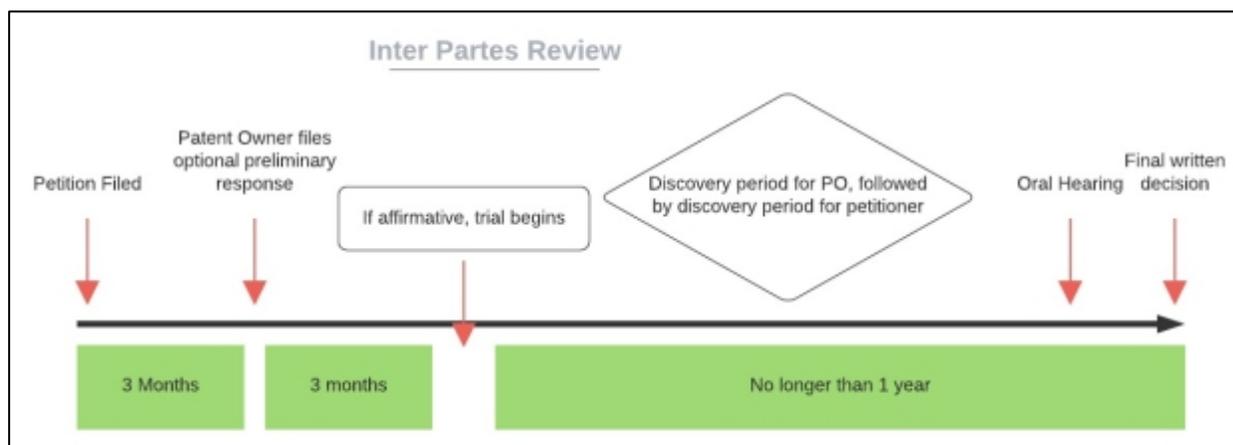
<sup>3</sup> <https://www.finnegan.com/en/insights/articles/district-court-or-the-pto-choosing-where-to-litigate-patent.html>

<sup>4</sup> <https://www.aipla.org/home/news-publications/economic-survey>

<sup>5</sup> <https://www.patentprogress.org/2017/09/14/inter-partes-review-saves-over-2-billion/>

<sup>6</sup> <https://www.capanow.org/wp-content/uploads/2020/02/CAPA-IPR-Infographic-FINAL.pdf>

<sup>7</sup> <https://fishpostgrant.com/inter-partes-review/>



The first step involves filing a petition trying to assert that cited prior art demonstrates that patent at issue is invalid. The patent owner then has three months to file an optional preliminary response. The USPTO then reviews the petition and either grants the petition and trial begins or denies the petition and the process is halted. The trial process is generally completed within a year from the granting of the petition with an oral argument before a panel of three Administrative Patent Judges within the Patent Trial and Appeal Board (PTAB).

## Why Is It Important?

IPRs are an efficient way for the USPTO to cancel patent claims issued in error. A study found that approximately 27% of issued patents would be found at least partially invalid if subject to an anticipation or obviousness decision.<sup>8</sup> The patent applications submitted to the USPTO have gone from 90,982 in 1963 to 669,434 in 2019.<sup>9</sup> The average patent application only gets 19 hours of attention. The IPR process allows the USPTO to correct these errors in issued patents.

IPR is currently underutilized but generally results in quality decisions. In 2019, only 63% of petitions were instituted. Of those for which there was a final written decision, 21% were found unpatentable. IPR decisions have typically not been reversed by the Federal Circuit suggesting that the patents were indeed invalid. IPRs have become an important tool to balance the patenting system by protecting exclusivity of the appropriate patents while eliminating those that are preventing adequate competition and innovation.

<sup>8</sup> [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2029263](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2029263)

<sup>9</sup> [https://www.uspto.gov/web/offices/ac/ido/oeip/taf/us\\_stat.htm](https://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.htm)