

Working with ‘Inter Partes Review’

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On September 16th, 2012, the US Patent and Trademark Office (USPTO) initiated a new procedure called Inter Partes Review or IPR, replacing the earlier procedure called Inter Partes Reexamination. Under the new provision established by the America Invents Act, a person who is not the patent owner and has not previously filed a civil action challenging the validity of a claim of the patent may petition for an IPR proceeding of the patent to challenge the validity of one or more claims of the patent.

According to the statistics, a total of 296 petitions for IPR have been filed with the USPTO as of June 17th, 2013, of which only 7 petitions (about 2 percent) have been denied, indicating that the overwhelming majority of the petitions have been granted. In addition, initial reports suggest that US district courts are staying litigation in favor of IPR at the surprisingly high rate of 60 percent.

Considering the initial statistics and despite the fact that most IPR petitioned have not yet gone all the way through to completion, we can still make observations as to potential IPR strategies and considerations.

Many practitioners believe that IPR is a valuable tool to consider when an infringement issue arises with respect to a patent in the US, because it offers many advantages compared to a full-scale patent litigation. First of all, it is fast – so fast that it has been nicknamed a mini-trial within the USPTO. While a patent litigation in a US district court takes on average about 30 months or more to conclude, an IPR, called a mini trial within the USPTO, including the possibility for limited discovery, is statutorily required to be completed within one year of institution, although the time may be extended up to six months for good cause. That is, an IPR proceeding, which wraps up within 18 months at most, takes about half the time of a patent litigation.

Secondly, a patent litigation in the US is known to be expensive, easily exceeding millions of dollars. In contrast, an IPR proceeding normally costs hundreds of thousands of dollars, and is an order of magnitude less than the cost of a regular patent litigation.

Moreover, an IPR proceeding is adjudicated by a panel of three patent judges at the Patent Trial and Appeal Board (PTAB), rather than by examiners as in the reexamination procedures, and most patent judges have technical degrees with years of experience in the relevant art in addition to law degrees. Accordingly, the PTAB is thought to be a better venue to contest patent matters having substantial technical complexity.

It is important, however, to note that the petitioner in an IPR must consider the issue of estoppel. That is, a petitioner may not assert that a claim is invalid on any ground that the petitioner raised or reasonably could have raised during the IPR proceeding in any subsequent or companion litigation. In addition, there is always the possibility that the original claims or claims as amended may be confirmed in the IPR as being patentable in consideration of the prior art, which would allow the patent owner to continue enforcement of an even stronger patent.

In summary, although it is difficult to assess the efficacy at this early stage of availability, an IPR proceeding appears to have many advantages over a full scale patent litigation including shorter proceedings and reduced costs. Moreover, the USPTO may be a preferable

venue over the district court to contest patent matters having complex technical issues.

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