



IP: Is inter partes review an improvement over inter partes reexam?

Examining the benefits inter partes review gives over inter partes reexamination

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Starting on Sept. 16, 2012 *inter partes review* (IPR) replaced *inter partes reexamination* (IPRex). Almost a year and half later, the experiment is still in its infancy. Because it takes about 18 months from filing to final decision, at the time of this writing we still have only one final IPR decision! Many more will come soon, but there has already been plenty of action at the Patent Trial & Appeal Board (PTAB) to permit some early conclusions. The simple answer is, yes, IPR is better.

IPR is faster, and in different ways fairer, for petitioners and patent owners. IPRex typically dragged on for years, which often did nothing for a defendant in a lawsuit. Because of the long delay, courts were denying stays of litigation more and more, and in many cases the defendant had already lost at trial and appeal before the IPRex completed. Now, an IPR must almost always be completed in 18 months from filing to a final decision of PTAB. And the PTAB seems committed to meeting that deadline.

At the same time, the process seems fairer for patent owners as well. In IPRex, the challenger went first and last (primacy and recency), could assert virtually unlimited combinations of prior art, and could have an expert go second and say anything. All of that changed with IPR. The petitioner still goes first of course, but then the patent owner can make a preliminary response. If the PTAB grants the petition the patent owner goes again with a full response, then the petitioner, and the patent owner gets the last word on paper before an oral hearing. The whole process once the petition is initially granted is called a “trial” and the PTAB has shown a ruthless focus on having just a few non-redundant challenges — just the best the petitioner has to offer. And finally, the petitioner generally must lead with their expert witness, who is subject to best tool we have for getting at the truth — cross examination by experienced counsel, under oath. It is hard

to understand how the PTAB will actually use cross examination to judge credibility when they almost never allow live testimony at trial and do not watch the deposition video, but at least the questions can be asked, and the transcript cited.

Surprisingly, however, depositions of declarants on both sides are about the only discovery allowed. These depositions are a great improvement over IPRex, but most of us thought there would be more. The PTAB has shut down almost all discovery requests going toward secondary indicia of non-obviousness, for instance. Unless you already have proof that the documents you seek exist, and you can demonstrate in advance how they will directly support your argument, the PTAB will not allow it. Imagine the extreme case involving actual copying, where the litigation is stayed pending IPR. The copying will have been done in secret of course, discovery will be denied, and the patent could be held obvious with the PTAB in the dark about powerful evidence of non-obviousness. The limitations on discovery will surely be challenged in appeals.

One more major advance over IPRex is the scope of estoppel in future litigation. The big winner here should be the courts. Under IPRex, the challenger could lose and later still assert any prior art in litigation that was not in the IPRex. This complete lack of efficiency also led to less stays of litigation. Now, in an IPR, the challenger is estopped from later asserting prior art it raised *or reasonably could have raised*. Presumably, if the challenger loses an IPR, the Court should not have to address any prior art patents or publications. So far, broader estoppel has not had a chilling effect — the rate of IPR filings slightly exceeds the most recent rate of IPRex filings. Litigation defendants are clearly deciding that an IPR still offers the best chance to invalidate a patent. When the final decisions start piling up in the coming weeks and months, we will find out if they are right.

About the Author

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