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April 23, 2014

Reasons to Think Twice Before Initiating *Inter Partes* Review

There has been a lot of hype about *inter partes* review – including [by us](#) – and for good reason. The pro-complainant bent of the rules is turning out to be pro-complainant in effect as well, at least when you look at the [statistics](#). On April 11, 2014, the first [final decisions](#) were reached that went entirely for the patent owner. Prior to that, every final decision had canceled either all or some of the challenged claims.

While the post-grant review proceedings have the goal of saving time and money, they will not always do that, and depending on the prior art, the location and the timing of the litigation, post-grant review proceedings may not be a good strategy. Further, while the outcomes of post-grant proceedings have been highly favorable for petitioners thus far, this may have resulted in part from particularly strong cases being selected for the first IPR petitions. The recent uptick in IPR petition filing, and the [PTAB's sensitivity](#) to its reputation as a “death squad” for patents, may indicate that petitioners are now bringing weaker cases, and could result in the PTAB finding a higher percentage of claims to be patentable.

As with any legal proceeding, careful consideration and analysis should be taken before acting. Here are a few reasons a patent litigation defendant may want to think twice before initiating an IPR.

The Litigation May Not Get Stayed: Statistics show that 80-90% of petitions involve patents asserted in pending federal court litigation. Of those in which motions for stay have been filed, 72% have been granted. That means that 28% of litigations will proceed. Whether a case is stayed depends on numerous factors, including how long the defendant waited to file (did it wait until the eve of the year deadline), how far along the litigation has progressed (whether discovery has started, is ongoing or complete), whether the IPR petition has been granted (or is still pending), other issues pending in the litigation, and the judge's tendencies. If the litigation proceeds concurrently, a defendant's costs will continue to mount, it may end up with inconsistent decisions and its resources will be spread more thinly. These concerns are illustrated by the [Versata v. SAP case](#), which has bounced around the district court, the PTAB and the Federal Circuit.

Your Best Prior Art is Not a Patent or Published Application: Sometimes the best prior art is the on-sale bar. If so, this cannot be asserted in IPR. If your prior art related to patents and published applications is not strong, it is likely inadvisable to move forward with IPR. If a weak petition is denied based on weak prior art, the patentee may be emboldened and may be able to raise the failed petition in front of the jury, which can only make the patent appear stronger and your invalidity arguments appear weaker, even if based on different arguments.

Your Non-infringement Positions Are Weak: If a petitioner is unsuccessful in an IPR proceeding, that party will be estopped from arguing any ground that it raised or reasonably could have raised during review of a particular claim. If the accused infringer lacks a strong non-infringement position as well, that party may be left with nothing more than a bare bones defense in district court.

Your Case is in a Rocket Docket: If the litigation is moving quickly in the district court, a defendant may be heard more quickly in court than in IPR. For instance, in the Eastern District of Virginia, most cases get to trial within 9-12 months. Other districts attempt to move similarly quickly. Thus, if a case is in a “rocket docket” jurisdiction, that fact may weigh against initiating IPR, particularly if the litigation won't be stayed and your strongest prior art is not a patent or published application.

Litigation Was Initiated More than a Year Ago: Once a party is served with a complaint for patent infringement, it must file an IPR petition within one year of service. 37 C.F.R. § 42.101(b). In addition, it is precluded from filing an IPR if the defendant filed a declaratory judgment action challenging the validity of the patent. 37 C.F.R. § 42.101(a). However, this exclusion does not apply to a counterclaim in litigation; it applies to an originally initiated declaratory judgment action only. 35 U.S.C. §351(a)(3) (a counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging

the validity of a claim of a patent).

Multiple Patents at Issue: An accused infringer must file a separate IPR petition for each patent at issue, along with a separate collection of prior art and expert declarations in each IPR trial. If multiple patents are at issue in the district court litigation, these costs can add up quickly to make IPR an expensive undertaking. Even if the accused infringer chooses to target a limited subset of the asserted patents in IPR, the district court judge may be less likely to grant a stay in the district court case.