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# An Empirical Study of Inter Partes Review

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The background of the slide features a low-angle shot of a modern building with large windows on the left and several tall palm trees against a clear blue sky on the right. A red rectangular box is overlaid on the left side of the image.

**SANTA  
CLARA  
LAW** *est. 1911*

# **An Empirical Study of Inter Partes Review**

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# Backdrop: Re-Examination

	<b>EPRx</b>	<b>IPRx</b>
• Long duration:	28 months	36 months
• Complete victory rare:	12%	31%
• Amend. claims frequent:	66%	61%

“re-examination proves to be a double-edged sword that [often] necessitates taking a license on less favorable terms against . . . strengthened reissued claims” (Trout & Stuart)

# IPRx v. IPRv

	Re-exam	Review
Standard	“substantial new question” (before 9/2011)	“Reasonable likelihood of success”
Time to completion	~3 years	~1.5 years
Forum	CRU	PTAB

# Perception: IPR is Much More Powerful



Rader:  
PTAB panels are  
“acting as death  
squads killing  
property rights”  
(Oct. 25, 2013)

# Perception = reality?

No one has matched IPR data with co-pending litigation data

- Are IPRs impacting litigation?

No one has matched IPR data with NPE-status of patentees

- Are IPRs effective against “trolls”?

# Database (so far)

845 IPRs filed on or before Jan. 28, 2014  
(vs. 1919 IPRxs 1999-2012)

- PTAB activity as of July 27, 2014 (PTO)
- NPE status of respondent
- [likely to add SME status of petitioner]
- [Tech-class of challenged patent]
- Data on parallel litigation for all terminated IPRs (Lex Machina)

# IPR Outcomes

<b>Pending:</b>	<b>412 (49%)</b>
• No institution decision yet:	16
• Instituted:	396
<b>Not Instituted:</b>	<b>161 (19%)</b>
• On the merits:	119
• “Dismissed” as untimely:	42
<b>Settled:</b>	<b>160 (19%)</b>
• Before institution decision:	64
• After IPR instituted:	96
<b>Final Decision and/or Adv. Judg.:</b>	<b>112 (13%)</b>



# Instituted IPRs

## **Institution Rate: 83.5%** (vs. 93% IPRx)

- 604 IPRs instituted
- 119 decisions not to institute *on the merits*

*BUT . . .* 25 of these 119 “no” decisions involve a patent for which another IPR was instituted.

- Only 13% of IPRs challenging a *unique* patent were not instituted.

## Among Instituted IPRs:

- In 87%, all challenged claims were instituted
- For the “average” instituted IPR:
  - 15.5 claims challenged
  - 13.6 claims instituted

# IPRs Decided on Merits

## Among IPRs with FWD and/or RAJ:

- In 76.6%, all *instituted* claims invalidated or disclaimed
- In 64.9%, all *challenged* claims invalidated or disclaimed
- (By comparison, just 31% of IPRxs ended with all claims invalidated or disclaimed)

# IPRs Decided on Merits

For the “average” IPR decided on merits:

- 16.9 claims challenged
- 14.7 claims instituted
- 11.2 claims invalidated or disclaimed

**One** motion to amend granted (in 112 FWD/RAJs)

- (vs. 61% of IPRx’ed patents surviving with amended claims)

# IPRs Against NPEs

	<b>NPEs</b>	<b>Prod. Cos.</b>
<b>Share of all IPRs</b>	46%	54%
<b>Institution Rate</b>	88%	80%
<b>Among instituted IPRs, share of challenged claims instituted</b>	90%	86%
<b>Among merits decisions, <i>all</i> claims eliminated</b>	75%	79%

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## Among terminated IPRs

- 79% — parallel litigation btwn petitioner & patentee involving IPR'ed patent (*All cases filed before the IPR*)
- 38% — parallel litigation btwn patentee & 3Ps involving the IPR'ed patent (*78% filed before the IPR*)
- 19% — involve a never-litigated patent

# IPR's Impact: Stays

## **Among all terminated IPRs**

- 45% no motion
- Among cases with motion: 61% grant rate

## **Among instituted IPRs**

- 23% no motion
- Among cases with motion: 72% grant rate

## **Among instituted IPRs & *motion before Markman***

- 76% grant rate

(vs. 40-50% likelihood of stay for Reexam (Rogers))

# IPR's Impact: On Outcome?

**Too early to say . . .**

## **Among suits in parallel with settled IPRs**

- 78% settled within 2 months of IPR's settlement

## **Among suits in parallel with IPR eliminating an asserted claim**

- 76% remain open, most stayed pending appeal

## **Among suits in parallel with IPR not instituted:**

- 82% remain open

## Putting this all together . . .

Assume patent assertion in which parallel IPR is filed pre-Markman challenging all asserted claims:

- 84% chance the IPR is instituted
- If so, 76% chance your suit is stayed if you ask.
- 87% chance instituted as to *all* claims
- 77% chance *all* instituted claims are invalidated or disclaimed
- But if you *don't* check off these boxes . . . ?

# Next Steps

- Expand database
- Analyze data on per patent, per suit basis
- Construct a “control group” to test impact IPRs have on litigation outcomes
- **What else?**