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Expert Analysis

PTAB Kill Rates: How IPRs Are Affecting Patents

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While the America Invents Act's introduction of inter partes review proceedings was intended to strengthen the quality of issued patents, no one could have predicted how quickly IPRs would become a mainstay defensive tactic in U.S. patent litigation. Indeed, as the Patent Trial and Appeal Board began releasing decisions invalidating patents, some even labeled the PTAB as a "patent death squad." [1] Whether that description is a fair one or not, it cannot be disputed that in just three short years, IPR proceedings have become so popular that the PTAB is now a preferred patent invalidation venue.

There have been numerous reports on the overall institution of IPR proceedings and their "kill rates." However, these high-level statistics (1) obscure the important differences in kill rates between cases in which all claims in a patent are challenged and instituted and those in which only some claims are challenged and instituted, and (2) are inadequate for making informed decisions on whether, when and how to try to invalidate a patent using the IPR process.

Thus, we analyzed all of the approximately 404 final written decisions on instituted IPRs from September 2012 through Aug. 1, 2015, to explore the factors behind IPR kill rates. We determined the number of patents that have been invalidated in their entirety via IPRs and investigated the statistical impact that certain aspects of the IPR petition have on the kill rate, including petitions to invalidate all claims in a patent and petitions under § 102, § 103 or both.

The Kill Rate Analysis — Key Points

1. Very few petitioners are walking away empty handed: 88 percent of petitions with final written decisions resulted in at least one claim being invalidated.
2. A notable percentage — 21 percent — of all final written decisions resulted in complete invalidation of the patent.

affect the entire proceeding and ultimate outcome.

Success Rate on IPR

Over the entire three-year life of the IPR process, petitioners have achieved high success rates in getting challenged claims both instituted and ultimately invalidated. Our analysis shows, however, that over the past year or so, the PTAB appears to be raising the bar at the institution stage. Once an IPR is instituted, however, the PTAB continues to invalidate those challenged claims at a very high rate.

Institution on all challenged claims is becoming more difficult.

In analyzing the 404 final written decisions to determine the success rate for getting the challenged claims instituted, we found that in 76 percent (306 of 404) of the cases, all challenged claims were instituted.[2] In looking at year-over-year numbers, the institution success rate in 2015 (through Aug. 1) dropped 15 percent (to 69 percent) from the 2014 success rate of 84 percent. This shift likely indicates that the PTAB is raising the bar for institution.

Fully instituted petitions have a high invalidity success rate.

Of those petitions where all challenged claims were instituted (full institution), 82 percent (250 of 306) of those instituted claims were ultimately invalidated in the PTAB's final written decision. This high percentage indicates that the highest hurdle a petitioner must clear is at institution. In other words, it appears that if an IPR petition is fully instituted, there is a reasonably high probability that the instituted claims also will be invalidated.

These numbers highlight the importance of the preliminary response even though the patent owner has no opportunity to submit evidence at this stage. Nevertheless, hope is on the horizon for the patent owner, as the PTAB is considering a rule change that would allow evidence to be submitted at the preliminary response stage.

Partially instituted petitions have a much lower invalidity success rate.

What happens when the PTAB partially institutes the claims challenged in a petition? The results are surprising: To date, 25 percent of the final written decisions were partially granted at institution. This means the PTAB did not grant institution on all the challenged claims. Interestingly, for the partially instituted petitions, only 52 percent of final written decisions invalidated all the instituted claims. This is a drastic drop in the invalidity success rate when compared to fully instituted decisions, where 82 percent of final written decisions invalidated all the instituted claims. If a petition is only partially instituted, chances significantly decrease that the instituted claims also will be invalidated.

The PTAB's first impression of the petition's strength appears to carry significant weight throughout the entire hearing. If the PTAB is not convinced that the petition is strong enough to warrant full institution, this skepticism seems to stay with the panel and harms the chances of success at the final written decision. This statistic emphasizes the importance of crafting a strategic and focused petition. Each ground should be reviewed to determine whether it affects the quality and strength of the overall petition. If the ground weakens the credibility of the petition, petitioners should think twice about including it in the petition.

There is a high chance of invalidating at least one challenged claim.

Once the PTAB institutes a petition, the odds are overwhelmingly in favor of the petitioner. Of the 404 final written decisions analyzed, 88 percent (356 of 404) resulted in at least one claim being invalidated. Importantly, this average remained steady between 2014 and 2015, providing petitioners with a reasonably high level of confidence that an IPR can and will weaken a challenged patent.

Fewer petitioners are trying to invalidate the entire patent.

Our analysis reveals that only 37 percent (148 out of 404) of petitions with final written decisions challenged all issued claims. In other words, only 37 percent of petitioners are swinging for a home run. Instead, a majority are focusing their petitions on strategically selected claims.

IPRs have so far killed 88 patents.

Of the 404 final written decisions, 22 percent (88 out of 404) invalidated all claims in the patent. Many of these "kills" occurred with the early written decisions issued by the PTAB, thus leading to the PTAB's nickname as the "patent death squad." However, with the passage of time, the PTAB seems to be giving the patent owners some relief. The yearly statistics show a significant drop in the percentage of petitions where all issued claims have been invalidated. In 2014, 29 percent of petitions resulted in all issued claims being invalidated. In 2015, that number dropped to 15 percent. While the PTAB appears to be "killing" fewer patents, this statistical decline is

The war is won and lost at the institution stage.

Based at least on this data showing that obtaining institution on the challenged claims is becoming more difficult, it appears that the PTAB is taking its stance at the institution stage. Once claims are instituted, the question appears to be how many instituted claims will be invalidated rather than if the claims will be invalidated.

The PTAB continues to earn its “patent death squad” nickname at least once the petition is instituted. Challenging all instituted claims does not seem to affect the success rate of invalidating all challenged claims. However, the hurdle is the highest at institution. If a petitioner clears this hurdle, it seems to be downhill towards a successful invalidation.

Success Rate When Raising §§ 102 and 103 Challenges in an IPR Petition

The choice of § 102, § 103 or both when challenging the validity of claims in an IPR is at least partially driven by the availability of prior art printed publications. We looked behind the numbers to determine how petitioners are selecting grounds to challenge the claims and then analyzed these numbers to determine which, if any, of the choices are more successful.

Challenging both §§ 102 and 103 grounds is the most popular option.

Not surprisingly, 69 percent (277 of 404) of petitions raised both §§ 102 and 103 grounds in an effort to invalidate the challenged claims. We analyzed the 404 final written decisions to determine the effectiveness of raising both §§ 102 and 103 grounds.

Of petitions that raised both §§ 102 and 103 grounds, 73 percent (202 of 277) resulted in all challenged claims being instituted. This success rate, however, decreased by 15 percent between 2014 and 2015. This decline may be due to a number of factors, including the PTAB’s raising the bar at the institution stage. Also, the PTAB’s crackdown on redundant grounds may affect these numbers since only 63 percent of petitions that raised both types of grounds resulted in both §§ 102 and 103 grounds being instituted. Anecdotally, we have seen petitions that raised both §§ 102 and 103 grounds based on a common primary reference, but the PTAB has declined to institute on both types of grounds.

Once instituted, the odds are in favor of the petitioner. On average, 83 percent (168 of 202) of petitions that raised both §§ 102 and 103 grounds and where the PTAB instituted on all challenged claims resulted in all challenged claims being invalidated. Year over year, this success rate has only slightly increased.

Our analysis suggests that raising both §§ 102 and 103 grounds is effective in invalidating all challenged claims once all these claims are instituted. While the PTAB has raised the bar at the institution stage, once the challenged claims are instituted, the PTAB is likely to invalidate them.

Practice Tips

While institution on all challenged claims is getting tough, it can still be effective.

It is not clear whether choosing to challenge on both §§ 102 and 103 grounds, only on § 102 grounds, or only on § 103 grounds makes any significant difference to the chances for success on the IPR. What is clear is that year-over-year, as noted above, the PTAB seems to have raised the bar on whether all challenged claims will be instituted. The decline in the institution rate appears to be greater when challenging on § 103 grounds only (93 percent in 2014 to 76 percent in 2015) compared to challenging on § 102 grounds only (75 percent in 2014 to 73 percent in 2015). To improve the chance for instituting on all grounds, petitioners should be careful in raising §§ 102 and 103 grounds, exercising caution to avoid redundancy.

Caution: Avoid redundancy.

The PTAB is scrutinizing each asserted ground for invalidating challenged claims and rejecting those grounds that it deems to be “redundant.” While it is prudent to raise multiple grounds for invalidating each challenged claim, petitioners must use caution to avoid the PTAB dismissing grounds as redundant. In situations where multiple grounds are used to challenge a claim, petitioners must articulate why the second ground is not redundant to the first ground. To do so, petitioners should consider articulating alternative claim constructions or situations where one reference/ground is more applicable than the second reference/ground.

Caution: Motivation or reasons for combining references.

The numbers suggest that the PTAB is getting even tougher on the motivations or reasons to combine. Petitioners must avoid relying on conclusory statements to support § 103 arguments. Some general tips for structuring a successful § 103 argument are set forth below.

1. Expert testimony, if used, should not be identical to the § 103 arguments in the petition. Rather, the expert must provide facts and data to support the opinion. Experts should explain the how, what and why of the proposed combination of references.
2. Do the work for the PTAB: Petitioners must provide reasoning that supports the combination of references and explain why one of ordinary skill in the art would make the alleged combination.

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[1] Wall Street Journal, June 10, 2015—“Patent Death Squads v. Innovation,” citing Randall Rader, former chief judge at the U.S. Court of Appeals for the Federal Circuit.

[2] The institution rate statistic is calculated based on the 404 final written decisions issued by August 1, 2015, and thus may slightly differ from the overall institution rate calculated based only on institution decisions as discussed in the Filing Trends & Institution Rate section.

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