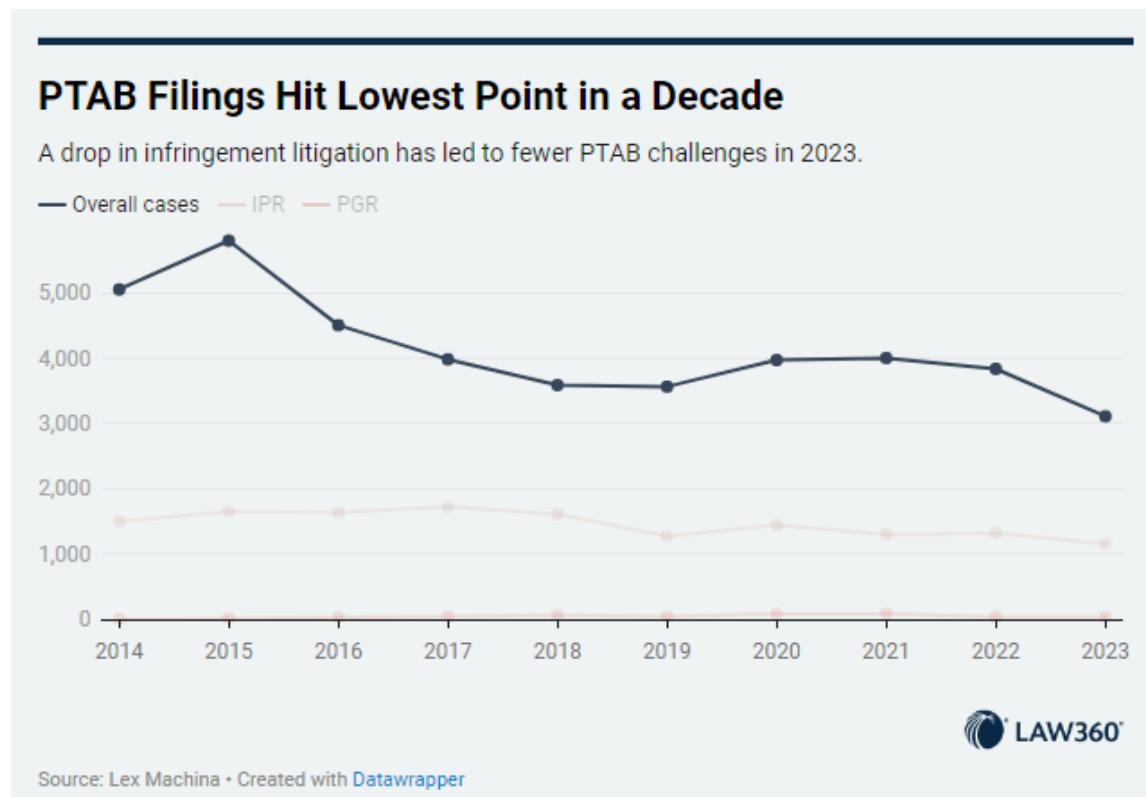


## PTAB Filings Drop Alongside Declining Patent Litigation

By Dani Kass

*Law360 (February 7, 2024, 11:02 PM EST)* -- The number of America Invents Act petitions filed at the Patent Trial and Appeal Board decreased in 2023, according to a new report from Lex Machina — a dip that attorneys attribute to an overall drop in patent litigation.

Parties filed 1,157 petitions for inter partes review in 2023, the fewest in the 10 years tracked by the Lex Machina litigation report. That's a decline from the approximately 1,300 IPR petitions filed in each 2021 and 2022.



Attorneys talking to Law360 said policies from the U.S. Patent and Trademark Office director should have made it so that filings went up, not the other way around. The decline, they said, is likely due to

a decrease in infringement litigation, the filing of which often triggers alleged infringers to pursue PTAB challenges.

"There's your [basic] type of breadcrumb trail there," said Paul Hastings LLP partner Joe Palys. "If there are fewer cases being filed, there are fewer reasons to file an IPR."

Just under a decade ago, more than 5,000 patent suits were filed in district courts, but filings have been falling over the years, reaching a low of 3,111 in 2023, according to the report.

At the PTAB, Lex Machina said there was a drop in overall filings at the board in 2019 that "stabilized at a lower range of numbers through 2023." The report attributes the dip, in part, to adjusting standards of reviews and policies aiming to stop overlapping reviews.

The number of post-grant reviews, which have always been relatively low — peaking at 83 in 2021 — had a near-invisible decrease in 2023, with 34 petitions, down from 35 in 2022.

Covered business method reviews are still counted in the 10-year Lex Machina data, but no petitions have been filed since 2020, when the PTAB stopped accepting those challenges.

PTAB trends "often ebb and flow" based on the rate of district court litigation, according to O'Melveny & Myers LLP partner Tim Fink, who previously served as a high-ranking administrative patent judge.

Over the past decade, attorneys working at the PTAB have become better at filing fewer, but higher quality, petitions, Fink said, especially since the use of multiple petitions is often not favored by the board.

USPTO Director Kathi Vidal in April released a massive notice of changes the agency was considering pursuing, and she specifically proposed limiting when PTAB judges can accept multiple petitions against a single patent. The director made clear that the challenger needs to show a good reason to file several petitions challenging the same patent, whether they're in quick succession or at the same time.

The most significant change at the board, though, has been creating more certainty about when litigation in district court could lead to the PTAB denying a petition to avoid duplicative work, under precedent called *Fintiv*. Guidance released by the director in 2022 made the PTAB's application of *Fintiv* more predictable, which attorneys say should have led to an increase in petitions.

The biggest element of stability has been the normalization of petitioners stipulating that if the PTAB accepts the petition, the challenger won't raise the same invalidity arguments, or arguments that reasonably could have been raised, in the related litigation. These stipulations protect patent owners from facing the same challenge in two forums, which was a big part of why *Fintiv* exists.

"Parties now know that they can most typically obviate [*Fintiv* denials]," said Eldora Ellison, co-head of Sterne Kessler Goldstein & Fox PLLC's PTAB trials practice.

Judges also can discretionarily deny petitions for presenting prior art or arguments that the USPTO already saw during prosecution or other agency proceedings, a factor Ellison said challengers have become smarter about taking into consideration when deciding to request help from the board.

"Stakeholders may look at a given patent and its prosecution history, and based on the facts there, may

be less inclined to file an IPR than they might have been in 2013," she said.

Potential challengers also may be drawn to the USPTO's new director rehearing process, which provides a path for parties to challenge rejected petitions for the first time, Palys said. That change should be attracting alleged infringers though, not pushing them away, he said.

Overall, the fact that there's a decline is surprising, as it doesn't appear that way on the ground, according to Palys. But if numbers are going down, he said, there could be a few reasons, including that accused infringers may not want to pursue a PTAB challenge with a stipulation aimed at Fintiv, when it would mean giving up the right to make certain invalidity arguments in litigation.

"That really handcuffs you in the district court," Palys said.

In addition, a decline could come from factors unrelated to patent strategy, with technology clients in particular needing to use their funds on something other than pricey PTAB proceedings, he said.

Palys further suggested that it has become harder to prove patents should be invalidated as obvious, which is a key objective in many PTAB petitions.

--Editing by Linda Voorhis.

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