

Trends In Patent Re-Examinations

Inter partes re-examination has become an increasingly popular tool to attack patents. One reason for increased use of this tool is the high cancellation rate reported by the U.S. Patent and Trademark Office for such re-examinations.

According to USPTO statistics, as recently as the period ending March 31, 2009, the rate of “all claims” of a patent being cancelled in inter partes re-examination was 71 percent. This is much higher than the 13 percent kill rate of all claims for ex parte re-examination for the same period.

This cancellation rate, however, has been quietly plummeting. The USPTO currently reports that 47 percent of all inter partes re-examination certificates it has issued since 1999 resulted in all claims of the patents at issue being cancelled.

Using the USPTO’s own statistics, the authors calculated that in approximately the last 12 months, the cancellation-of-all-claims rate has decreased to 33 percent, based on 86 inter partes certificates issuing between Sept. 8, 2009 and Aug. 31, 2010.

Moreover, an independent study by the authors of certificates issued in approximately the last six months revealed that the cancellation rate has now dropped to only 24 percent, based on 37 inter partes certificates issuing between March 1, 2010 and Aug. 31, 2010.

The authors speculate that cancellation rates in inter partes re-examinations have plummeted over the last few years for at least two reasons. First, it is entirely likely that many of the first requests for re-examination involved extremely strong cases of invalidity and represented proverbial “low-hanging fruit” for re-examinations.

Second, the USPTO has seen a policy shift toward working harder to find patentable subject matter in patent applications. This change in policy likely has decreased the cancellation rate for inter partes re-examination proceedings.

Notably, while the kill rate for patents has been plummeting, the rate of filings of inter partes re-examinations has been skyrocketing. The number of inter partes re-examination filings has risen from 27 in 2004 to 281 in the first three quarters of 2010.

In addition, the use by third parties of inter partes re-examination over ex parte has increased. From 2009 through June 2010, the authors calculated that the percentage of inter partes requests has now risen to about 30 percent of the total of re-examination requests filed by third parties.

The percentage of inter partes re-examination requests known to be in litigation is about 69 percent (i.e., about 296 cases), while for ex parte re-examination requests, the percentage known to be in litigation is about 32 percent (i.e., about 100 cases). These statistics show an increasing number of inter partes re-examination filings, even during ongoing patent infringement litigation.

The authors speculate that there are at least two driving forces behind the increasing trend for filing for inter partes re-

examination over that of ex parte re-examination. First, it appears that third parties may have been enticed by the kill rates of 71 percent reported as recently as March 31, 2009 in inter partes re-examination, as opposed to the 13 percent kill rate for ex parte re-examination filed by third parties for the same period.

Further, it appears that third parties are more concerned with being able to reply to comments by the patent owner and less concerned with estoppels preventing the third parties from making in litigation the arguments they made or could have made in inter partes re-examination.

In conclusion, while third parties have recently increased their use of inter partes re-examination, they need to be aware that a study of more recent inter partes certificates shows that the cancellation rate has been plummeting. This plummeting rate should be considered along with other factors when deciding whether to file for inter partes re-examination.

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