

Data-Driven Insights On Optimizing PTAB Institution Decisions

By **Jacob Golan and Benjamin Anger** (March 12, 2024)

Patent owners involved in either inter partes review or post-grant review proceedings before the Patent Trial and Appeal Board are most certainly aware of the PTAB's high rate of invalidating patent claims.

In the period since IPRs and PGRs came into existence in 2012 and through Feb. 14, the PTAB held that at least one claim was unpatentable in 81% of the cases that reached a final written decision.[1]

Further, a full 65% of cases resulted in all claims being held unpatentable. Only 17% of cases survived with all claims being upheld in the final written decision.

In IPRs and PGRs, the patent owner is afforded an early opportunity, prior to institution, in the form of a patent owner's preliminary response, or POPR, to convince the PTAB to reject the petition before ever reaching the trial phase of the proceeding.

Given the difficult odds of winning once the case is instituted, a patent owner should view the arguments made at the preinstitution stage in the POPR as critically important to the overall goal of upholding the patentability of the claims.[2]

Patent owner arguments in the POPR can be categorized into two general buckets: procedural arguments — including discretionary factors — and substantive arguments.

Any procedural argument, such as seeking a discretionary denial under Title 35 of the U.S. Code, Section 314(a), based on the Fintiv factors,[3] certainly remains a necessary consideration for patent owners, but the circumstances do not always fit.

Moreover, recent evidence suggests that the PTAB is now less likely to rely on certain procedural bases to deny institution of a post-grant proceeding.[4]

Thus, substantive arguments have been, and continue to be, central to a patent owner's strategy in the POPR. These substantive arguments will generally involve facial attacks on the petitioner's arguments in the petition and the teachings of the prior art.

Yet, the patent owner is racing against the clock before the POPR due date to analyze the petition and prior art, and then decide which type of substantive argument to include at this preinstitution stage.

Here, we adopt an empirical approach to understand trends in the substantive issues addressed in PTAB institution decisions.

In particular, our objective was to gain a comprehensive understanding of critical information a patent owner should know regarding trends in PTAB decision making when their patent comes under challenge, and which arguments to raise in the POPR.



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The Data

We have compiled publicly available institution decisions issued by the PTAB from Jan 1, 2018, to Feb. 14.[5]

Given that the vast majority of petitions involve IPRs, approximately 95%, as opposed to PGRs, we focus our analyses on IPRs and leave the discussion of PGRs for another day. Our data encompass 6,550 IPR decisions for 4,980 patents.

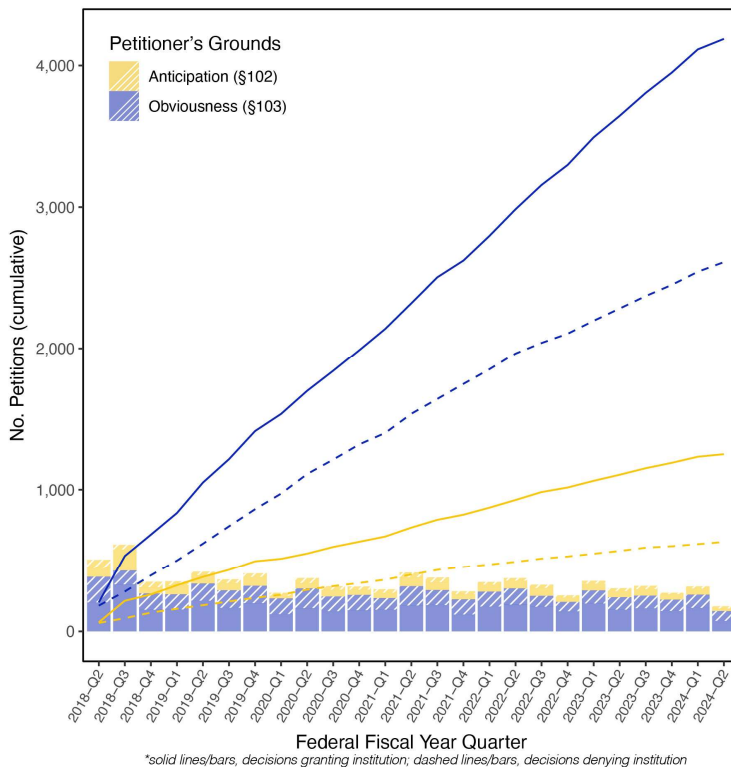
We considered only those petitions for which the PTAB reached a decision to grant or deny institution and thus excluded cases that were consolidated or dismissed prior to institution. We employed natural language processing to annotate each institution decision according to:

- The statutory basis of the challenge;
- The PTAB's decision to grant or deny; and
- The rationales discussed in each PTAB institution decision.

Our examination centers solely on whether the PTAB granted or denied institution, rather than whether the claims were ultimately held unpatentable in a final written decision. Thus, we focused on what sort of challenges patent owners face at the institution phase.

Additionally, by concentrating on institution rates themselves, we investigate the PTAB's response to a petition's grounds, with respect both to granting versus denying and to the legal rationale discussed.

Figure 1



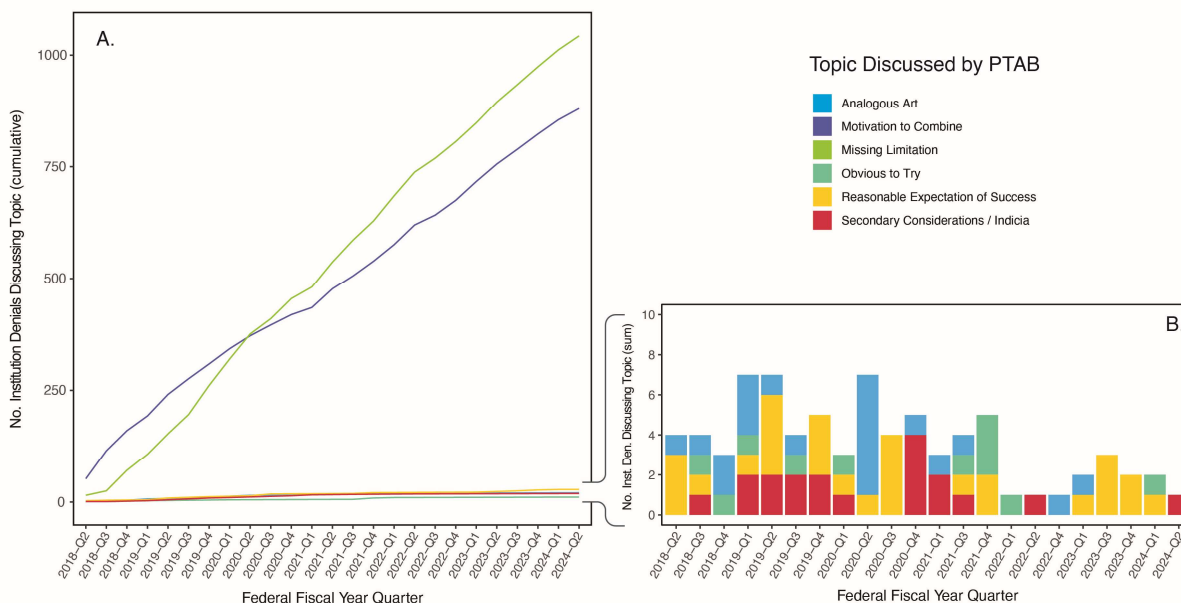
The image above illustrates IPR institution data over time according to the statutory grounds raised by the petition, and the PTAB's decision to grant or deny excluding other possibilities. The number of petitions filed that include at least one obviousness ground, Section 103, is far greater than the number of those filed that include at least one anticipation ground, Section 102.

In fact, over the nearly six-year period of analysis, the ratio of instituted IPR petitions citing Section 103, represented by the solid blue line, compared to instituted IPR petitions citing Section 102, represented by the solid yellow line, has been relatively stable at roughly 4:1.

The reason petitioners are not raising anticipation grounds nearly as much as obviousness grounds is likely due to the difficulty in finding anticipatory prior art to begin with, coupled with the exacting standard under Section 102 that a reference must "disclose within the four corners of the document not only all of the limitations claimed but also all of the limitations arranged or combined in the same way as recited in the claim." [6]

Thus, for an anticipation ground, the patent owner playbook is rather predictable and is generally limited to arguing the petitioner failed to demonstrate the prior art meets this exacting standard.

Figure 2: PTAB Institution Denials for Petitioner's Grounds Under § 103 (Obviousness)



It is in the world of obviousness where things get more interesting and where counsel for both the petitioner and patent owner can earn their keep.

Figure 2a illustrates decisions in which the PTAB denied institution of the petition, categorized by arguments cited in the denial decision: analogous art, motivation to combine, missing limitation, obvious to try, reasonable expectation of success and secondary considerations.

Here, we see that arguments based on either a missing limitation in the prior art or a skilled

artisan's lack of a motivation to combine the references are far and away the most common categories of arguments discussed in these institution denials. Interestingly, a transition point is apparent in the second quarter of 2020, where the "missing limitation" argument overtakes "motivation to combine" as the most commonly discussed argument in institution denials.

Because the other four categories are addressed so infrequently in institution denials, we show them together in Figure 2b while excluding "motivation to combine" and "missing limitation" data. The numbers for these four categories are so low that it is difficult to argue that any one of them should be a recommended strategy for patent owners to raise in the POPR absent compelling reasons to do so.

And this is the lesson: Even if these other categories for arguing nonobviousness are among the patent owner's strongest arguments, the PTAB is unlikely to rely on such arguments, at least at the institution stage, to reject the petition. The PTAB will likely wait to consider a more developed record in the trial phase.

As an example, the PTAB recognizes that secondary considerations involve a fact-intensive inquiry requiring the evaluation of a significant amount of evidence best suited for the trial phase.

In one IPR, *EIS GMBH v. Novoluto GMBH*, the PTAB relegated discussion of secondary considerations to a footnote in the institution decision, stating: "The question of whether the secondary consideration evidence supports a conclusion that the subject matter of the claims is not obvious is fact intensive and is best decided on a full record." [7]

However, in the final written decision, the PTAB ultimately relied on secondary considerations as evidence of nonobviousness of the challenged claims. [8]

Ultimately, our data suggest that patent owners will have their best opportunity to obtain an institution denial by focusing their attention on "motivation to combine" or "missing limitation" arguments in the POPR.

Other arguments for nonobviousness may ultimately prove successful, but given their fact-intensive inquiry and limited time before the POPR due date to develop arguments, a patent owner may benefit from waiting to raise these other substantive arguments in the trial phase if the petition is instituted.

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[1] Data on the outcome of Final Written Decisions were obtained from Lex Machina.

[2] In certain circumstances, a patent owner may, for strategic reasons, desire to allow the petition to be instituted in order to fight the challenge during the trial phase. For example, a patent owner may wish to rely on the estoppel provisions that kick in following a Final Written Decision, thus preventing the petitioner from relying in the district court on any

ground it raised or reasonably could have raised in the post-grant proceeding. See 35 U.S.C. §§ 315(e)(2), 325(e)(2).

[3] *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020) (designated precedential May 5, 2020).

[4] For example, Fintiv-based discretionary denials under 35 U.S.C. § 314(a) dropped from 168 in FY2021 to 29 in FY2023 (data from Docket Navigator).

[5] PTAB Bulk Data Services (Dec. 12-23, 2023), <https://developer.uspto.gov/ptab-web/assets/documents/ptab-api-help-guide.pdf>.

[6] *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008).

[7] *EIS GMBH v. Novoluto GMBH*, No. IPR2019-01302, Paper 23 at 5, n.5 (P.T.A.B. June 17, 2020) (citing *Monark Knitting Mach, Corp. v. Sulzer Morat GmbH*, 139 F.3d 877, 886 (Fed. Cir. 1998)).

[8] *EIS GMBH v. Novoluto GMBH*, No. IPR2019-01302, Paper 50 at 49 (P.T.A.B. June 14, 2021).