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MONDAY, JUNE 8, 2015

Chicago Daily Law Bulletin®

Volume 161, No. 111

How AIA trials have shifted the landscape for patent litigation

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The America Invents Act created new administrative proceedings to challenge patents before the U.S. Patent and Trademark Office's Patent Trial and Appeal Board. These are inter partes review (IPR), covered business method review (CBM) and post-grant review (PGR) (collectively, AIA trials). AIA trials went into effect in September 2012.

IPR petitions can be filed at any time, subject to statutory bars, and target any patent even if it has not been asserted in litigation. CBM petitions can be filed only after a person has been sued for or charged with patent infringement. PGR petitions can be filed only against patents that issue under the first-inventor-to-file system established by the AIA.

IPR and CBM petitions are usually filed after a person is sued for patent infringement. The petitioner moves the U.S. District Court to stay the litigation pending the outcome of the AIA trial. Often these stays are granted.

Courts give significant weight to two factors that favor granting a stay: first, that a decision by the board canceling all of the claims at issue in the litigation will dispose of all of the patent infringement claims and invalidity defenses in the case; second, that an accused infringer will be estopped from asserting the same grounds of invalidity that it raised or reasonably could have raised during the AIA trial.

If at least one patent claim survives the AIA trial, the district court will need to decide whether it is infringed and any invalidity defenses that could not have been raised during the AIA trial.

The meteoric rise of AIA trials as the first choice for invalidating patents has caught many by surprise. During 2013, approximately 794 AIA trial petitions were filed. In 2014, the number of such petitions more than doubled to 1,680.

This year, the number of petitions is approximately 670. If this trend continues, more than 1,750 AIA trial petitions will be filed in 2015. A comparison of these numbers to statistics published by Docket Navigator in its Year in Review 2014 reveals the significance of these numbers.

In 2014, the Eastern District of Texas had the most new patent cases filed in a district court with 1,436. Next was the District of Delaware with 942. In less than two years, therefore, the board surpassed the Eastern District of Texas as the preferred venue for patent litigation.

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After many years of record growth, the number of overall new patent litigation proceedings (which include district court, International Trade Commission and AIA trials) declined from 6,946 in 2013 to 6,734 in 2014. More significant than the decline in new cases filed in 2014, however, is the dramatic shift in the patent litigation landscape.

In 2013, approximately 6,107 new patent cases were filed in district courts. A year later, that number declined to 5,020. In contrast, newly filed AIA trial petitions grew from 794 in 2013 to 1,680 in 2014. This shift from district court litigation to AIA trials at the board reflects the tremendous impact AIA trials have had on patent litigation.

Typically, the board decides whether to institute a trial within six months of the petition's filing date. If the board institutes a trial, it has a one-year mandate from the trial date to issue a final written decision that is appealable directly to the Federal Circuit. So far the board has disposed of every AIA trial that has reached a final written decision within the mandate.

The board's ability to dispose of an AIA trial within 18 months beats the national average time to summary judgment (about 33 months) and to trial (about 41 months). This also beats the average time to summary judgment (about 28 months) and to trial (about 32 months) in the Eastern District of Texas and to summary judgment (about 33 months) and to trial (about 39 months) in the District of Delaware.

Discovery in district court litigation is a significant cost driver. It typically lasts several months and consumes considerable time and money, particularly in resolving discovery disputes.

In AIA trial proceedings, the scope and type of discovery are limited. Because the board has succeeded in enforcing this limited scope of discovery, discovery costs in AIA trials are only a fraction of discovery costs in district court litigation.

This shift away from district court litigation to AIA trials has impacted staffing of patent cases. Typically, law firms will staff AIA trial teams with fewer, but more senior, attorneys. In contrast, district court litigation teams typically include several junior associates who are responsible for discovery-related tasks, a few senior associates and junior partners who are in charge of supervising discovery and preparing the initial drafts of court filings and a couple of senior partners who oversee the entire case.

The smaller teams and the limited discovery permitted in AIA Trials lead to more efficient proceedings, which are considerably less costly than court litigation.

The landscape for patent litigation will continue to shift away from district court litigation toward AIA trial proceedings. Currently, IPRs make up the majority of AIA trial petitions filed — approximately 90 percent. Only about half a dozen PGR petitions have been filed so far. The number of PGR petitions, however, is expected to increase significantly.