

# Patent Public Advisory Committee Meeting

## Patent Trial and Appeal Board Update



James Donald Smith  
Chief Administrative Patent Judge  
Patent Trial and Appeal Board  
August 15, 2013



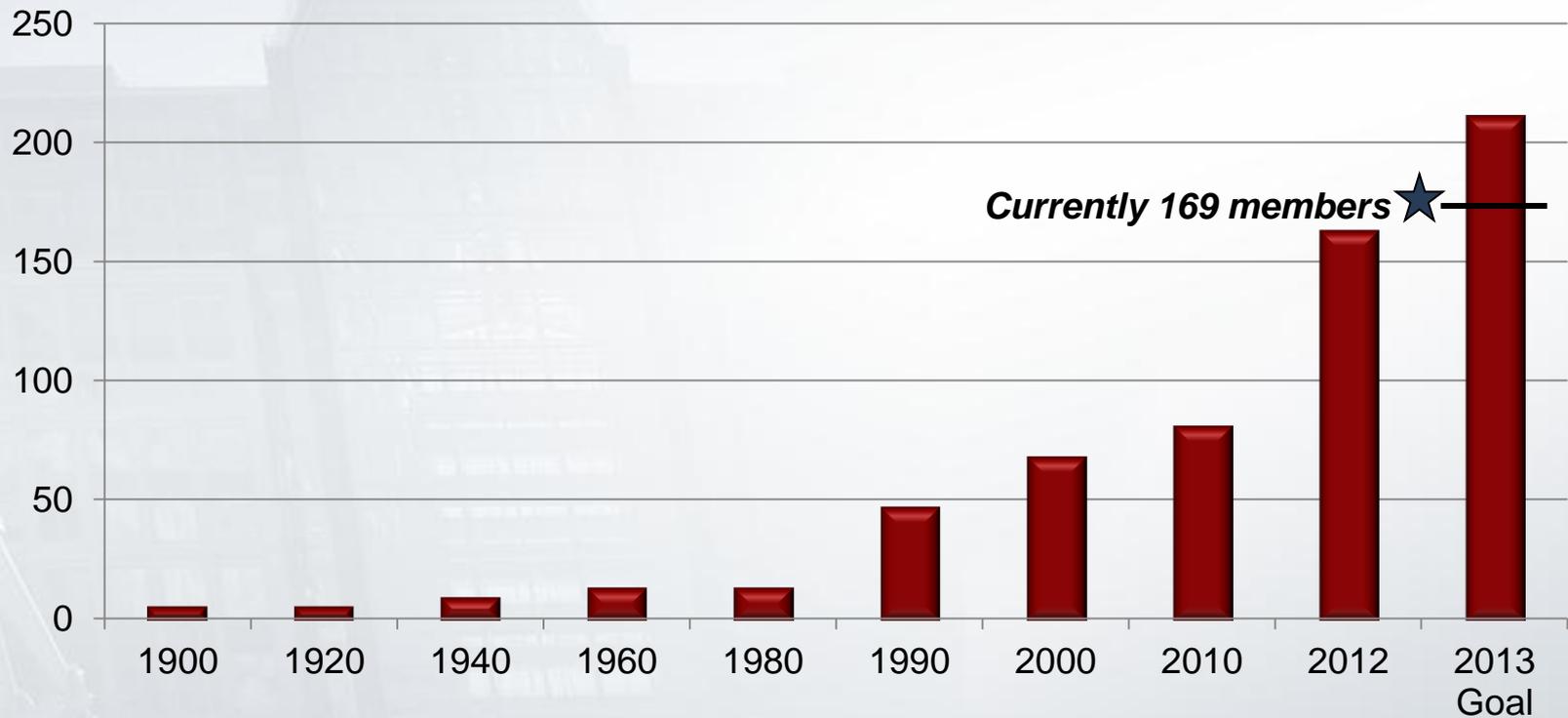
# Board Expansion

- Since October 2011
  - Reviewed nearly 1,700 applicant records
  - Interviewed nearly 290 candidates
  - Selected 90 highly qualified candidates to become new Judges
  - We stand at 169 Judges as of July 29, 2013.
- Opportunities at Detroit/Denver/Dallas/Silicon Valley Satellite Offices (for now)
  - Selecting candidates from previous postings now
- Goal for FY2013 - add more judges



# Members of the Board

## Judges



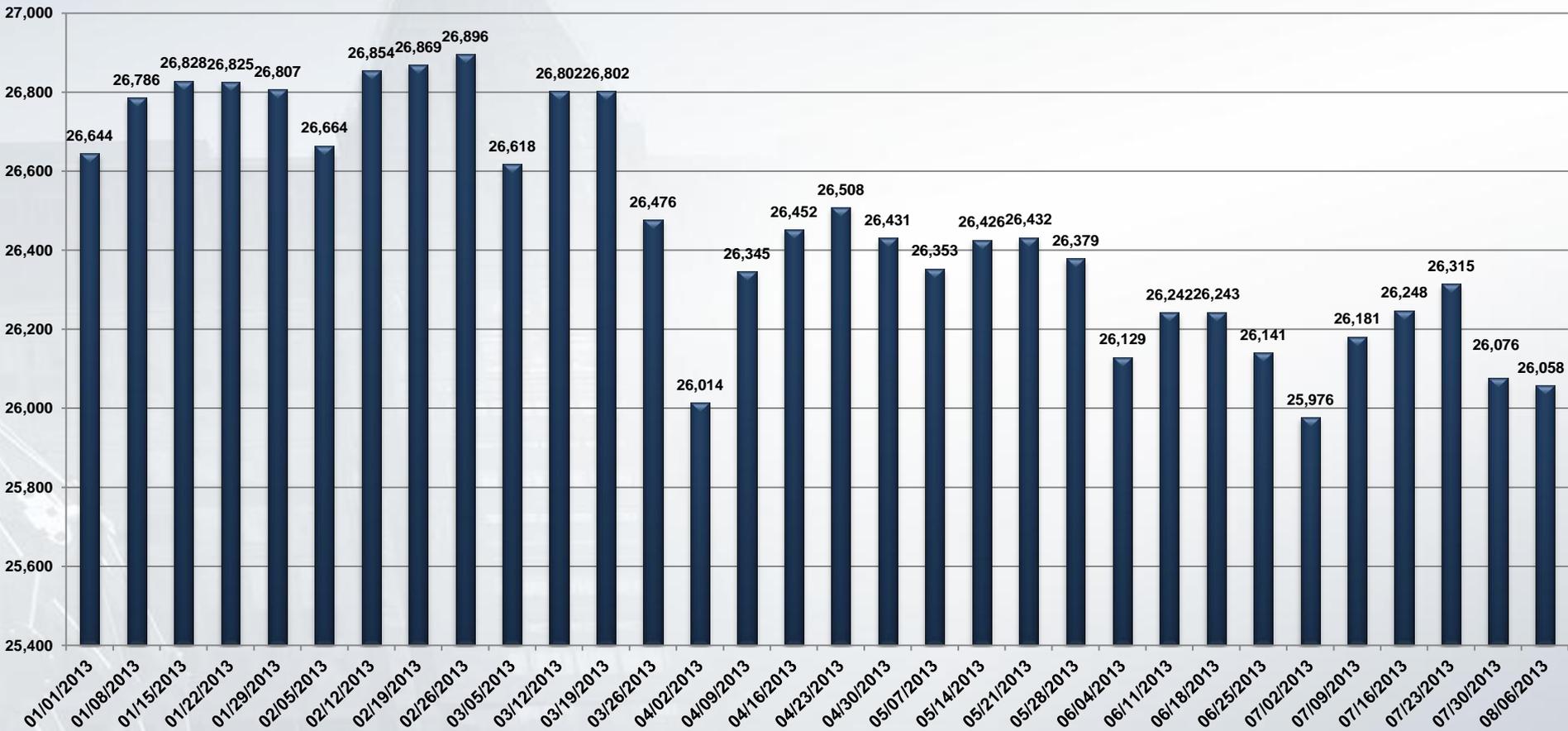


# Board Backlog

- Growth of the Backlog has been halted:
  - Overall, for the last 6 months, more decisions issued than new appeals received
  - Encouraging (for now)
- Benefiting from numerous factors
  - Successful expansion in FY2012 that needs to continue in FY2013
  - Somewhat lower end-of-year intake for FY2012 and beginning of FY2013
  - Extraordinary efforts by current Judges
- Trend can still be reversed if ex parte appeal intake and AIA intake grow faster than new hires



# Board Backlog





# PTAB Receipts and Dispositions

Past Month

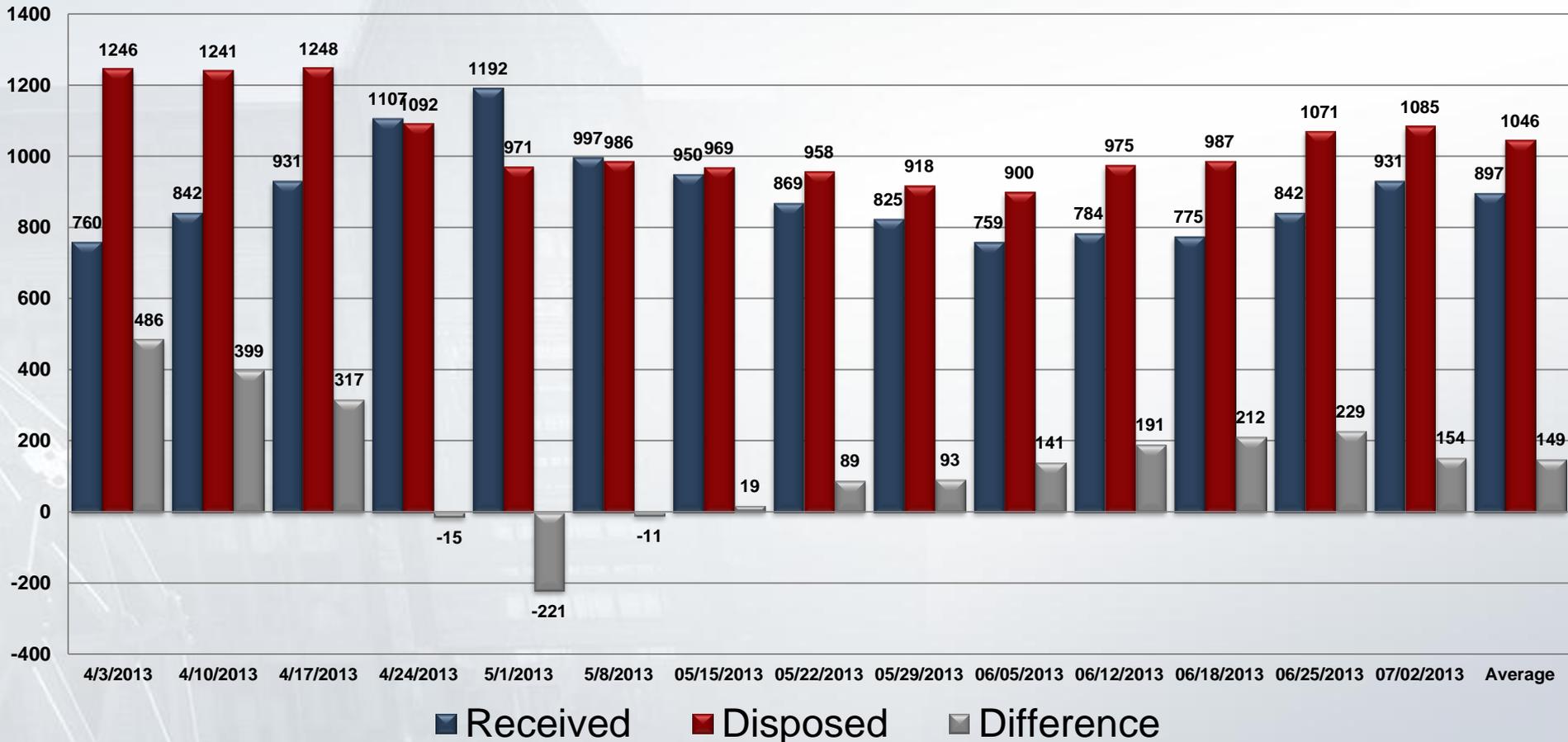
| PTAB Receipts and Dispositions |                  |                  |                                      |
|--------------------------------|------------------|------------------|--------------------------------------|
| Period:                        | 07/06/2013       | thru             | 08/06/2013                           |
| Discipline                     | # Cases Received | # Cases Disposed | Difference (Disposed minus Received) |
| Biotech                        | 68               | 38               | -30                                  |
| Business Methods               | 78               | 88               | 10                                   |
| Chemical                       | 127              | 160              | 33                                   |
| Contested Cases                | 43               | 21               | -22                                  |
| Design                         | 1                | 5                | 4                                    |
| Electrical                     | 414              | 404              | -10                                  |
| Mechanical                     | 263              | 285              | 22                                   |
| <b>***Totals***</b>            | <b>994</b>       | <b>1001</b>      | <b>7</b>                             |



# PTAB Receipts and Dispositions

Weekly: 04/03/2013 through 07/02/2013

## Receipts & Dispositions Summary Report FY2013 – 3<sup>rd</sup> Quarter

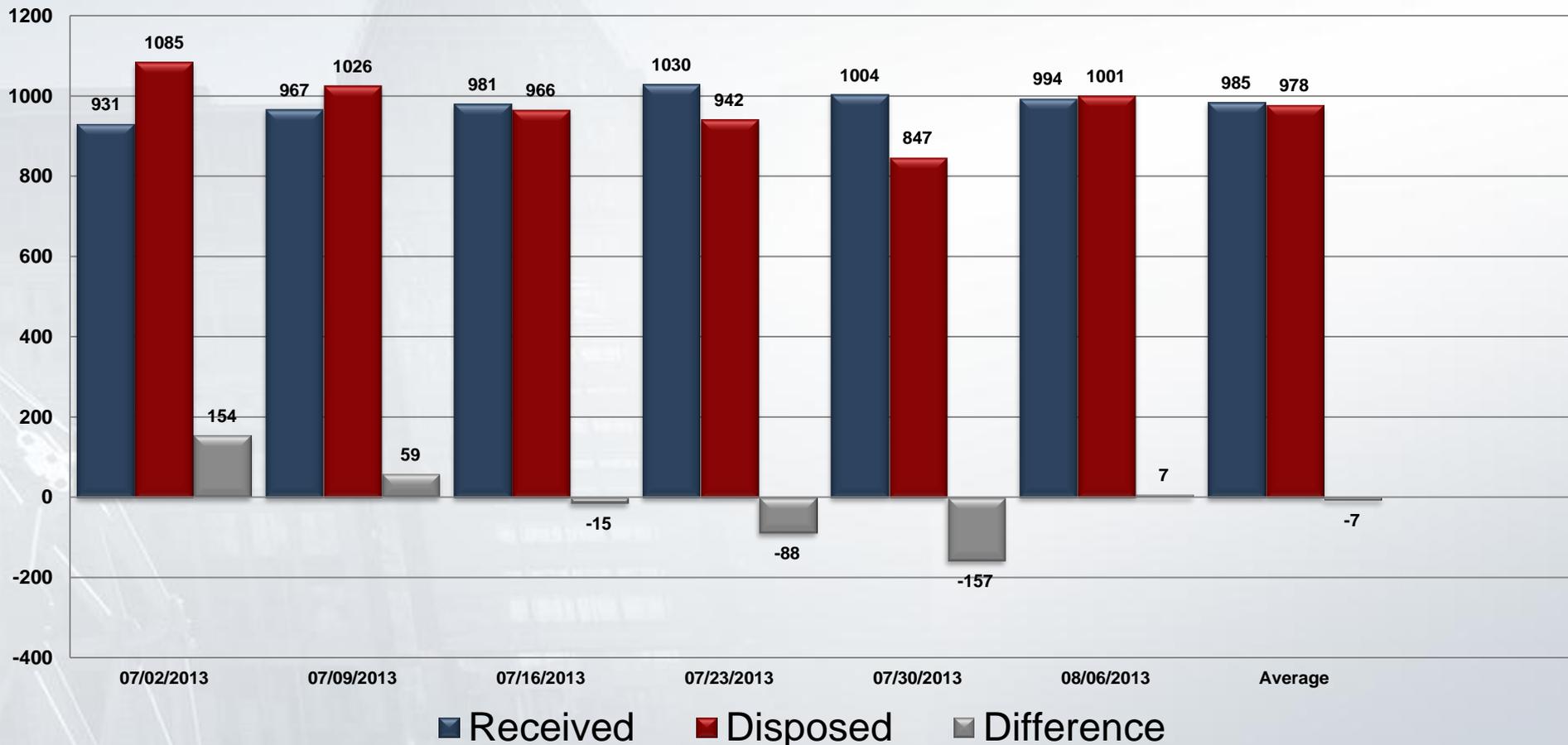




# PTAB Receipts and Dispositions

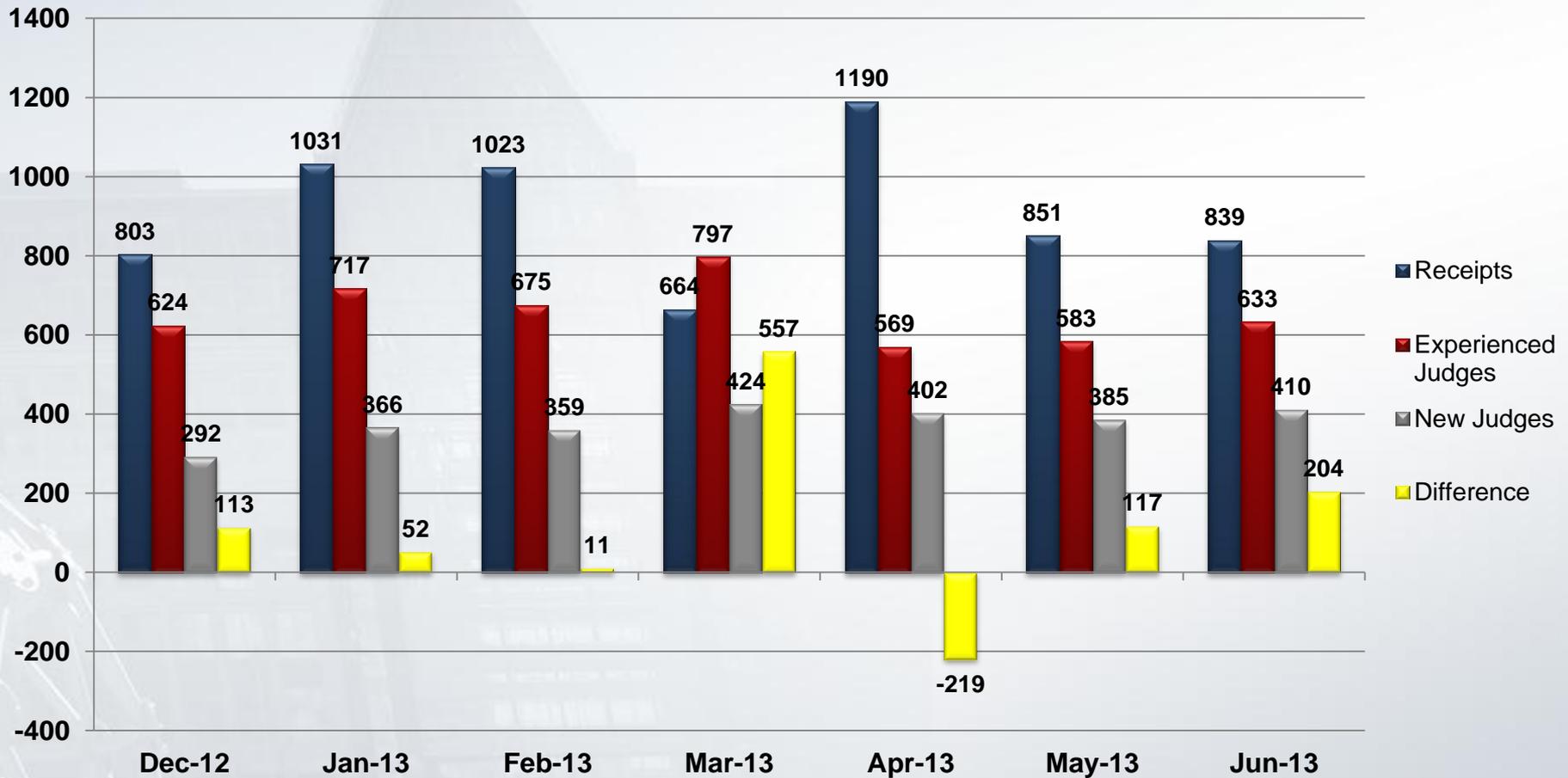
Weekly: 07/02/2013 through 07/23/2013

## Receipts & Dispositions Summary Report FY2013 – 4<sup>th</sup> Quarter





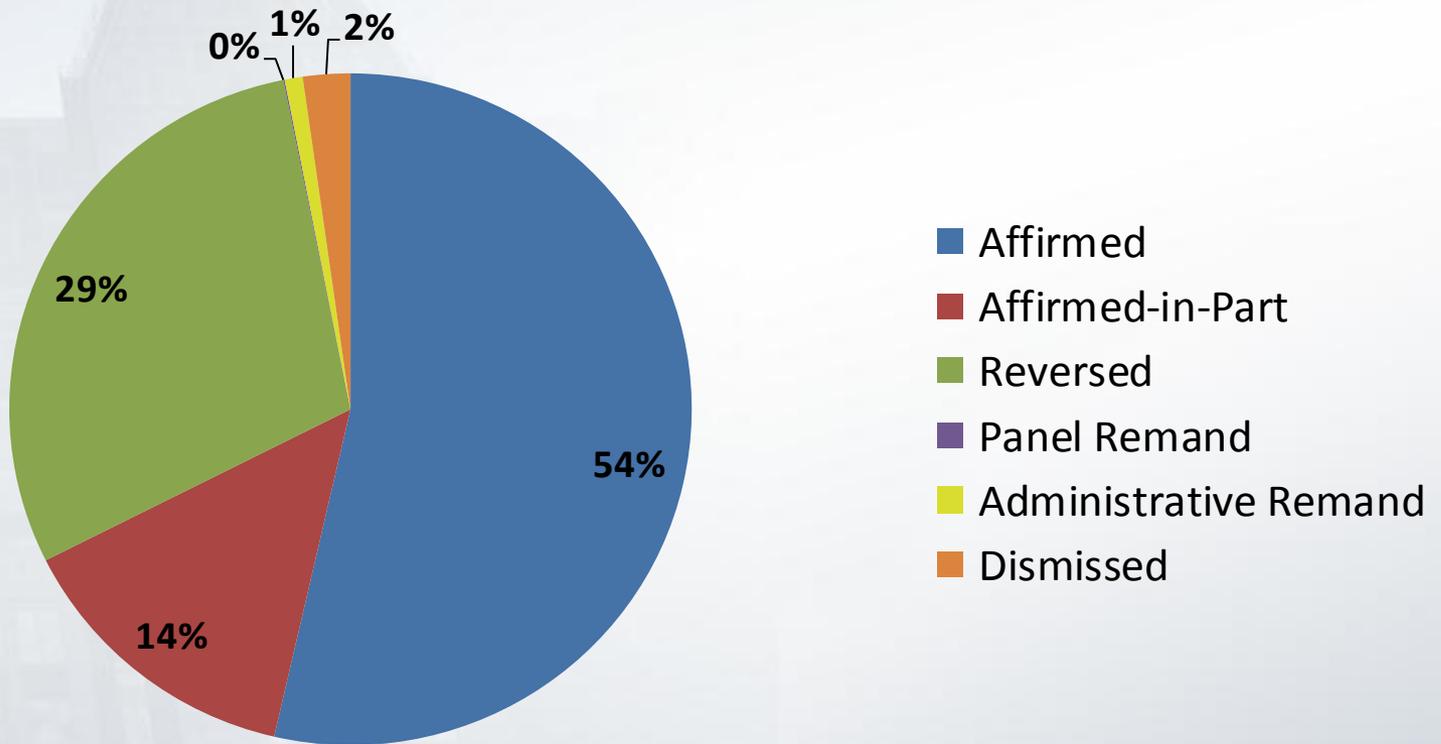
# Monthly Receipts and Dispositions – New Judge Comparison





# Decisions by Type: FY2013

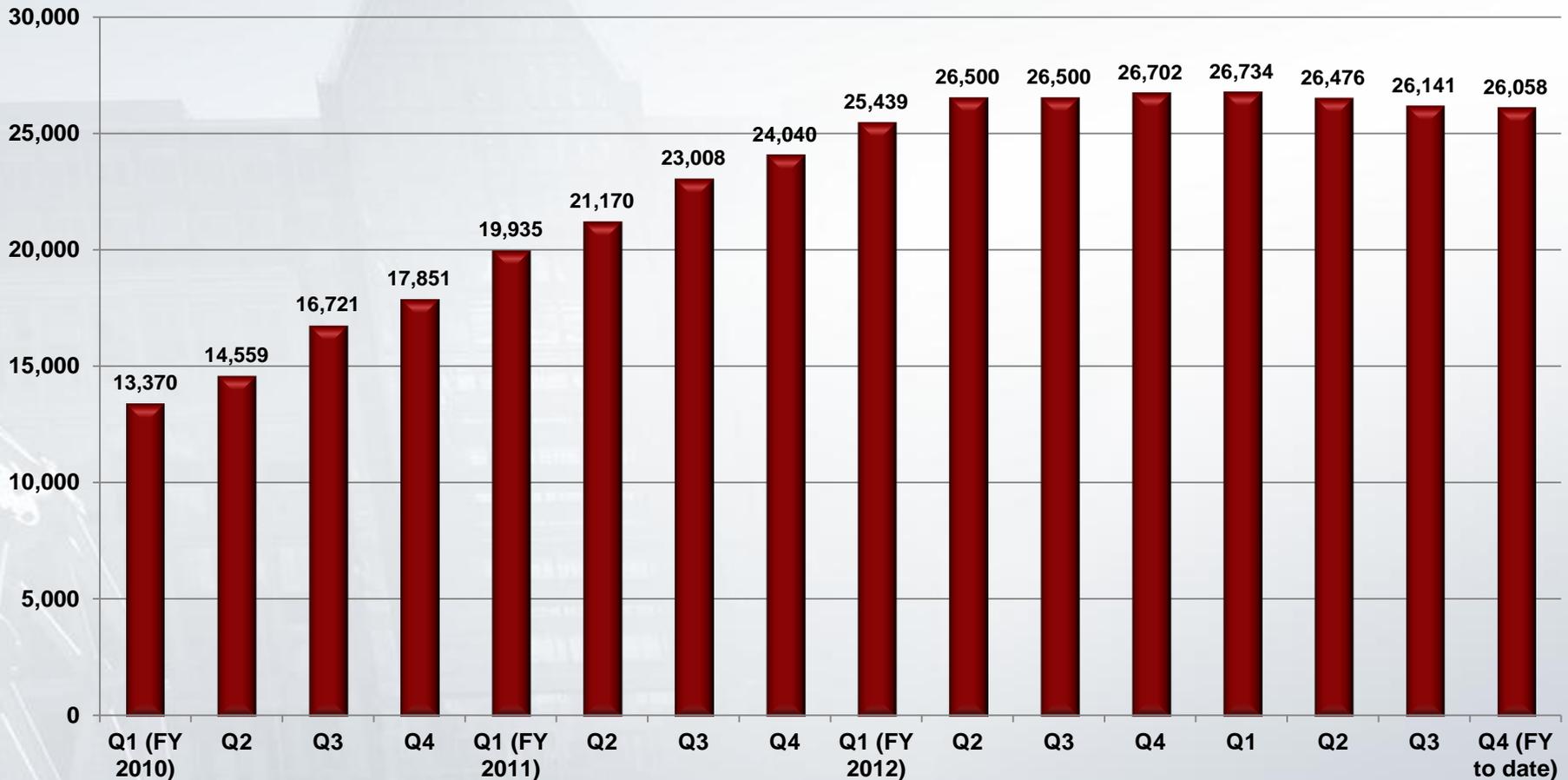
Decisions





# Size of the Backlog for the Past 16 Quarters

## Appeals





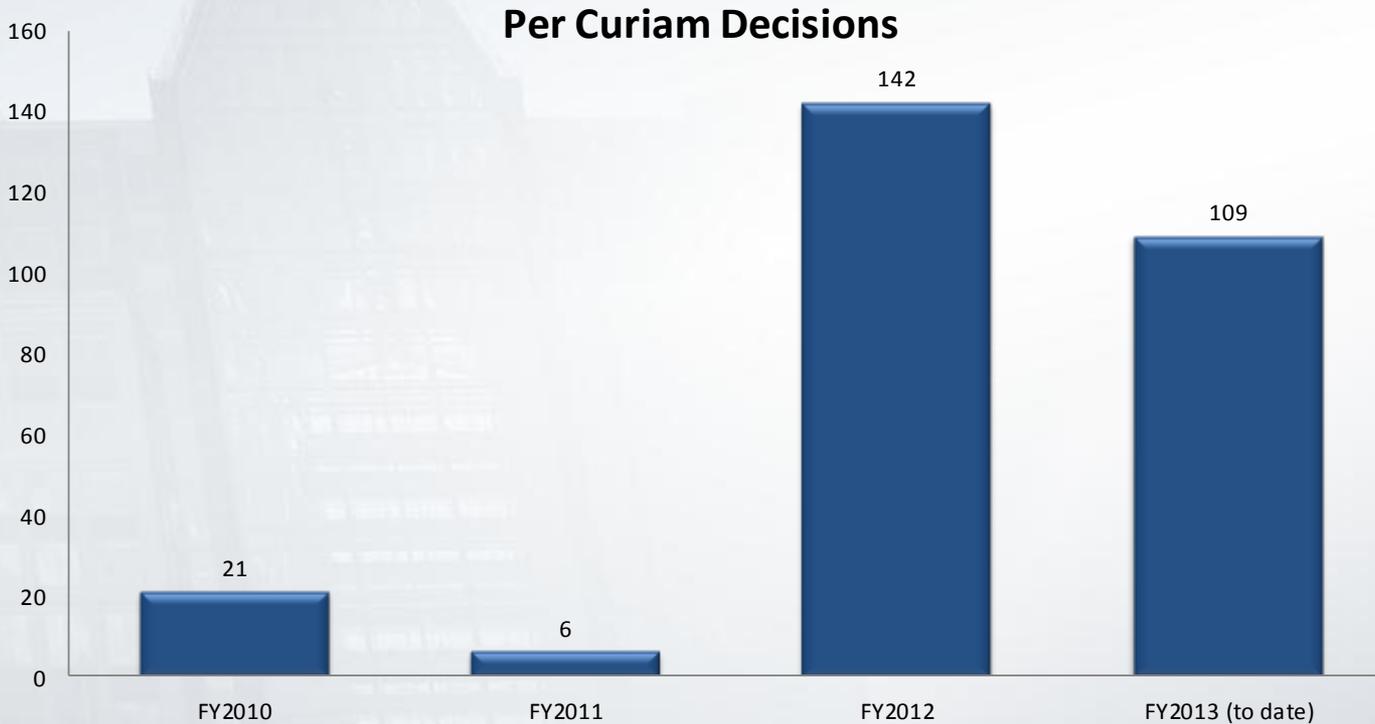
# Decisions Adopting Persuasive Arguments Made in the Record

- Allow the Board to issue decisions based on arguments presented by Examiners or Appellants
  - Shorter decisions; disposed sooner; sometimes designated “*Per Curiam*”
- Arguments of record must sufficiently explain the decision
- Working with the offices of the Under-Secretary and Solicitor, the rules were finalized



# *"Per Curiam"* Short Decisions

as of 07/01/2013





# Outcomes at the Federal Circuit

|                    | <b>FY2012</b> | <b>FY2013<br/>(to 08/06/2013)</b> | <b>Total</b> |
|--------------------|---------------|-----------------------------------|--------------|
| <b>Affirmances</b> | 67            | 41                                | 108          |
| <b>Reversals</b>   | 4             | 3                                 | 7            |
| <b>Remands</b>     | 10            | 7                                 | 17           |
| <b>Dismissals</b>  | 12            | 13                                | 25           |
| <b>Total</b>       | 93            | 64                                | 157          |



# Published Opinions

- Committee established to increase designation of precedential and informative decisions
- Also posted are informative orders from AIA proceedings
- Looking at optimizing manner of posting on site



# AIA Progress

(as of July 31, 2013)

- Number of AIA Petitions

| Total | IPR | CBM | PGR | DER |
|-------|-----|-----|-----|-----|
| 437   | 396 | 39  | 1   | 1   |

- AIA Petition Technology Breakdown

| Technology          | Number of Petitions | Percentage |
|---------------------|---------------------|------------|
| Electrical/Computer | 309                 | 70.7%      |
| Mechanical          | 51                  | 11.7%      |
| Chemical            | 43                  | 9.8%       |
| Bio/Pharma          | 32                  | 7.3%       |
| Design              | 2                   | 0.5%       |

- Number of Patent Owner Preliminary Responses

|     | Filed | Waived |
|-----|-------|--------|
| IPR | 169   | 37     |
| CBM | 23    | 2      |

- AIA Trials Instituted/Settlements/Final Written Decisions

|     | Instituted Trials | Denials | Joinders | Total Number of Decisions on Institution | Settlements | Final Written Decisions |
|-----|-------------------|---------|----------|--|-------------|-------------------------|
| IPR | 122               | 11      | 4        | 137                                      | 34          |                         |
| CBM | 12                | 3       |          | 15                                       | 1           | 1                       |



# AIA Petitions Filed and Hearings Scheduled (as of July 31, 2013)

| Month          | Petitions Filed |     |     |     | AIA Hearing Sessions Scheduled |      |
|----------------|-----------------|-----|-----|-----|--------------------------------|------|
|                | IPR             | CBM | PGR | DER | IPR                            | CBM  |
| September 2012 | 17              | 8   |     |     |                                |      |
| October 2012   | 24              | 5   |     |     |                                |      |
| November 2012  | 24              | 2   |     |     |                                |      |
| December 2012  | 32              |     |     |     |                                |      |
| January 2013   | 25              |     |     |     |                                |      |
| February 2013  | 30              |     |     |     |                                |      |
| March 2013     | 38              | 2   |     |     |                                |      |
| April 2013     | 27              | 4   |     |     |                                | 1    |
| May 2013       | 45              | 7   |     |     |                                |      |
| June 2013      | 65              | 8   | 1   | 1   |                                |      |
| July 2013      | 69              | 3   |     |     |                                |      |
| August 2013    |                 |     |     |     | 1                              | 1    |
| September 2013 |                 |     |     |     | 1                              |      |
| October 2013   |                 |     |     |     | 5                              | 4(6) |
| November 2013  |                 |     |     |     | 11(15)                         | 1    |
| December 2013  |                 |     |     |     | 15(24)                         | 1    |
| January 2014   |                 |     |     |     | 17(23)                         |      |
| February 2014  |                 |     |     |     | 7(9)                           | 1    |
| March 2014     |                 |     |     |     | 4(5)                           |      |

(#) - numbers in parentheses indicate the number of cases scheduled for hearing in the month, as some sessions include more than one case

**TOTALS**      396      39      1      1      73 (103)      9 (11)



# Top Districts for Patent Litigation\*

- Eastern District of Texas 1266
- District of Delaware 995
- Central District of California 514
- **PTAB** 364
- Northern District of California 260

\* FY 2012 data used for District Courts

PTAB data is September 2012 to June 2013



# Number of Patent Trials

- FY 2012 Nationally – 139 Trials
- FY 2013 PTAB – 122 Trials instituted to date
- Only 9 settlements to date



# Quicker and Less Expensive Proceedings

- Time to Trial
  - Median 2.5 years in district court
  - 18 mos. in PTAB
- Patent Litigation Cost (per AIPLA 2011 Survey)
  - Based on dollar value at risk:
  - <\$1 m: \$916,000 (average, all costs, per party)
  - \$1m - \$25 m: \$2,769,000 (average, all costs, per party)
  - >\$25 m: \$6,018,000 (average, all costs, per party)



# Expanding Jurisdiction?

- Sen. Schumer's Bill S. 866
  - CBMs no longer limited to “a financial product”
  - CBMs no longer “provisional”
- White House Task Force
  - Supports Schumer bill
- More CBMs?



# Who is Paying Attention?

- Federal Circuit
  - Is *Fresenius v. Baxter International* (July 2, 2013) involving reexaminations a precursor?
- Congress
  - Rep. Goodlatte's Patent Discussion Draft
  - S.866 (Schumer bill)
- Public
  - *SAP v. Versata* Final Hearing and Decision



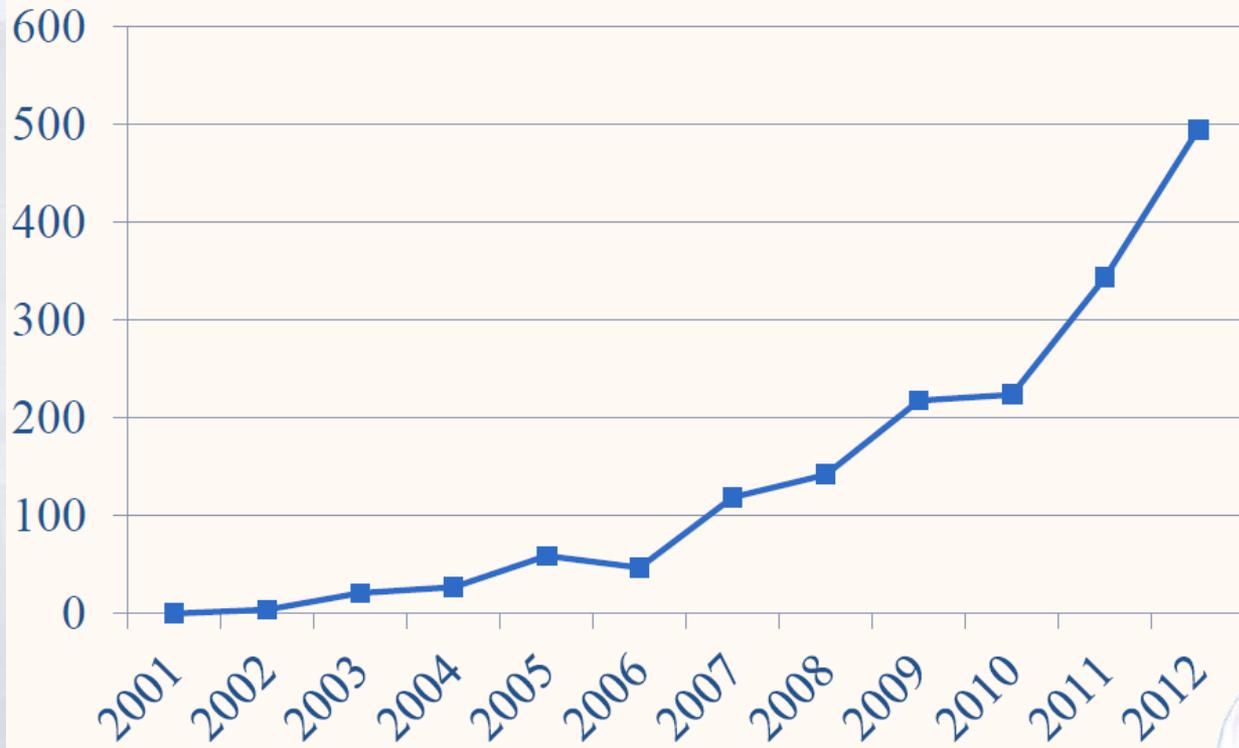
# *Inter Partes* Reexamination Statistics

| <b>Inter Partes Activity</b>              | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Determinations on Requests, total         | 150         | 229         | 231         | 365         | 543         |
| Requests Granted                          | 142         | 218         | 224         | 344         | 495         |
| Requests Denied                           | 8           | 11          | 7           | 21          | 48          |
| Requests known to have related Litigation | 115         | 220         | 196         | 280         | 298         |
| Filings by Discipline                     |             |             |             |             |             |
| Chemical                                  | 38          | 35          | 45          | 57          | 100         |
| Electrical                                | 67          | 153         | 174         | 216         | 263         |
| Mechanical                                | 63          | 70          | 62          | 97          | 163         |



# Inter Partes Reexamination Statistics

*Inter Partes* Reexamination Requests Granted





# Ex Parte Reexamination Statistics

| Ex Parte Activity                         | 2009 | 2010 | 2011 | 2012 | 2013* |
|---|------|------|------|------|-------|
| Determinations on Requests, total         | 614  | 662  | 767  | 475  | 442   |
| Requests Granted                          | 574  | 607  | 685  | 422  | 413   |
| Requests Denied                           | 40   | 55   | 82   | 53   | 39    |
| Requests known to have related Litigation | 372  | 347  | 326  | 100  | NA    |
| Filings by Discipline                     |      |      |      |      |       |
| Chemical                                  | 120  | 137  | 143  | 162  | NA    |
| Electrical                                | 335  | 414  | 395  | 426  | NA    |
| Mechanical                                | 197  | 217  | 216  | 191  | NA    |

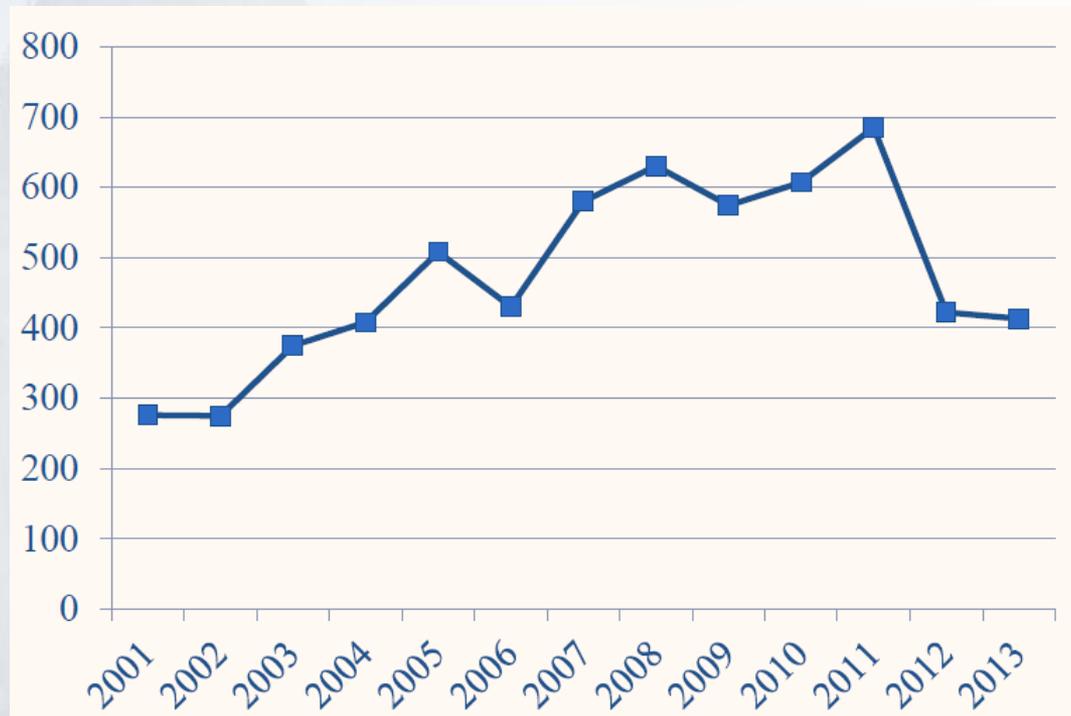
\*Data through 3<sup>rd</sup> quarter

NA=Data not readily available



# Ex Parte Reexamination Statistics

## Ex Parte Reexamination Requests Granted\*



\*Data for FY2013 through 3<sup>rd</sup> quarter



# Current Reexamination Statistics

|                          | <b>Inter<br/>Partes<br/>Reexam<br/>FY 2012</b> | <b>Inter<br/>Partes<br/>Reexam<br/>FY 2013 *</b> | <b>Ex Parte<br/>Reexam<br/>FY 2012</b> | <b>Ex Parte<br/>Reexam<br/>FY 2013*</b> |
|--------------------------|--|--|--|---|
| <b>PTAB<br/>Pendency</b> | 5.9<br>months                                  | 6.3<br>months                                    | 4 months                               | 6 months                                |
| <b>Disposals</b>         | 154  | 166  | 114                                    | 85                                      |
| <b>Docketed</b>          | 72   | 99   | 53                                     | 53                                      |
| <b>Inventory</b>         | 113  | 149  | 66                                     | 69                                      |

\*Through June 30, 2013



# Projected Reexamination Trend(s)

- Increased intake of *inter partes* reexaminations in FY2012 indicates an impending increase of appeals at the Board
- Exact number and timing is hard to predict
  - Increased staffing at the Central Reexam Unit (CRU)
  - Petitions
- Estimates using historical data give a general idea of when appeals will arrive at the Board



# Projected Reexamination Trend(s)

- *Ex Parte Reexam*
  - The Board will likely see continued robust intake for *ex parte* reexam appeals in FY2014 and FY2015
- *Inter Partes Reexam*
  - The Board will likely see a significant increase in *inter partes* reexam appeals beginning in FY2014
  - The Board will likely see a severe increase in *inter partes* reexam appeals in FY2015 and FY2016



# Projected Impact on Reexam Appeals

Impact of increased Reexamination filings on number of Appeals Docketed

|               | <b>Inter Partes Reexam</b> | <b>Ex Parte Reexam</b> |
|---------------|----------------------------|------------------------|
| <b>FY2014</b> | Significant Impact         | Significant Impact     |
| <b>FY2015</b> | Severe Impact              | Significant Impact     |
| <b>FY2016</b> | Severe Impact              |                        |



# Reexamination Statistics

- Number of Board Decisions

| Fiscal Year | Inter Partes Reexam | Ex Parte Reexam |
|-------------|---------------------|-----------------|
| 2011        | 56                  | 149             |
| 2012        | 154                 | 114             |
| 2013*       | 166                 | 85              |
| 2013**      | 190-230             | 90-110          |
| 2014**      | 145-260             | 100-110         |
| 2015**      | 115-240             | 90-110          |

\*Data through June 30, 2013

\*\*Projected



# Satellite Offices

- **Dallas-Fort Worth**

- The permanent location for the USPTO's Dallas office is scheduled to open in Fall 2014 in the Terminal Annex Federal Building, 207 Houston Street, Dallas, TX.
- Five administrative patent judges currently work at a temporary office in the Santa Fe Federal Building, 1114 Commerce Street, Dallas, TX.
- The process for selecting a Regional Manager for this office is anticipated to begin in late 2013.

- **Denver**

- The permanent location for the USPTO's Denver office is scheduled to open in February or March of 2014 in the Byron C. Rogers Federal Office Building, 1960 Stout Street, Denver, CO.
- On January 2, 2013, a temporary office opened at the Denver Lakewood Center, Lakewood, CO. Eight administrative patent judges currently work at that office.
- The process for selecting a Regional Manager for this office is anticipated to begin in late 2013.



# Satellite Offices

- **Detroit**

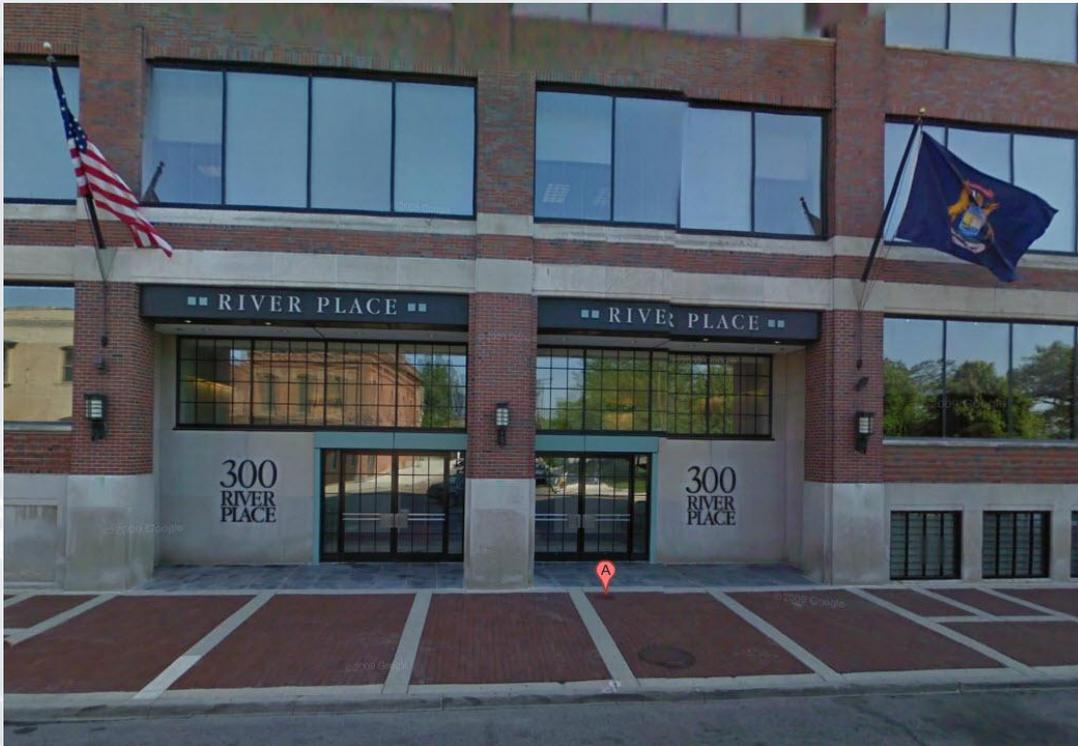
- The Elijah J. McCoy USPTO Satellite Office opened for business on July 13, 2012.
- 62 patent examiners and 10 administrative patent judges currently work at the Detroit office.
- The Detroit office patent examiners have completed over 1,100 first office actions and participated in 30 outreach events in the Detroit metropolitan area.
- The Regional Manager of the Detroit Office is Robin Evans.

- **Silicon Valley**

- A permanent location has not been selected. The areas being considered for a permanent location are San Jose, Santa Clara, Sunnyvale, and Mountain View.
- On April 15, 2013, a temporary office opened at 345 Middlefield Road, Building 1, Menlo Park, CA. Five administrative patent judges currently work at that office.
- The Director for the Silicon Valley Office is Michelle Lee.



# Detroit, Michigan



Elijah J. McCoy  
United States Patent  
and Trademark Office

300 River Place South  
Suit 2900  
Detroit, Michigan 48207

Opened July 13, 2012

10 Administrative Patent Judges



# Denver, Colorado



## Denver Federal Center

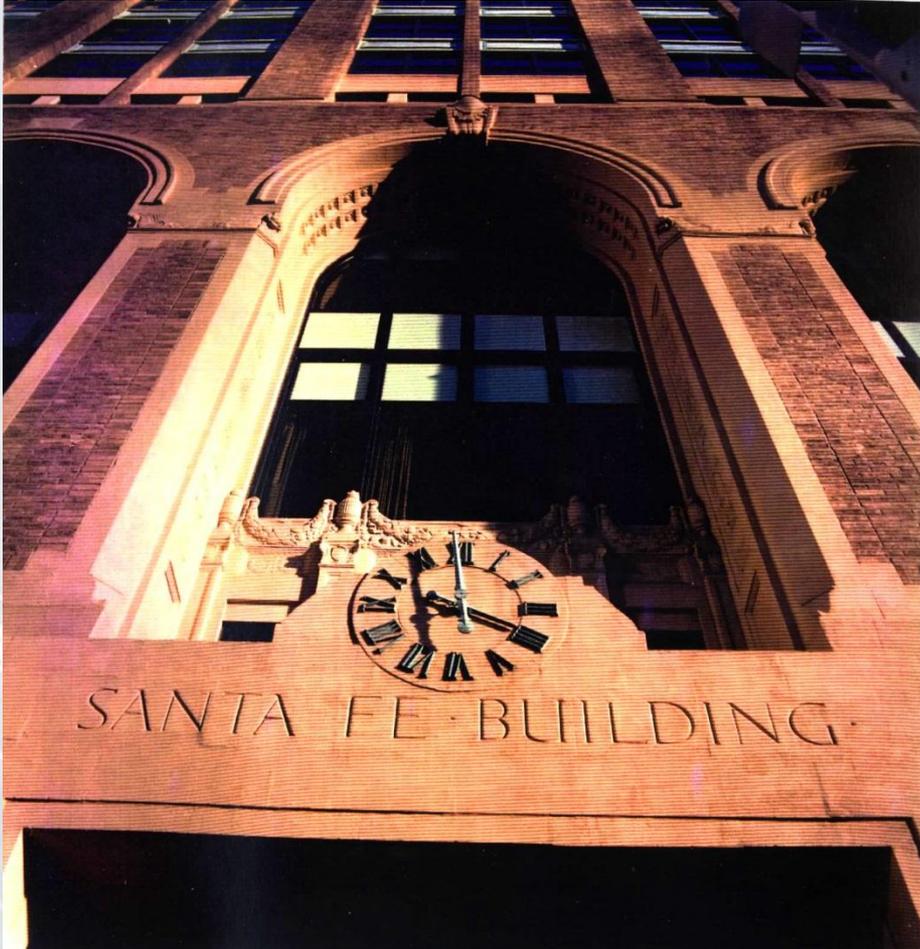
B20/D1000  
W 6th Ave & Kipling Street  
Lakewood, Colorado 80225

Opened January 2, 2013

8 Administrative Patent Judges



# Dallas, Texas



## Santa Fe Building

1114 Commerce Street  
Suite 705  
Dallas, TX 75202

Opened March 18, 2013

5 Administrative Patent Judges



# Menlo Park, California



## U.S. Geological Survey Building

345 Middlefield Road  
Menlo Park, CA 94025

Opened April 15, 2013  
5 Administrative Patent Judges



# Questions and Comments?

**James D. Smith**

Chief Administrative Patent Judge

Patent Trial and Appeal Board

571-272-9797

[James.Smith@uspto.gov](mailto:James.Smith@uspto.gov)

**PATENT TRIAL AND APPEAL BOARD  
AIA PROGRESS**

*Statistics (as of 7/31/2013):*

**NUMBER OF AIA PETITIONS**

| Total | IPR | CBM | PGR | DER |
|-------|-----|-----|-----|-----|
| 437   | 396 | 39  | 1   | 1   |

**AIA PETITION TECHNOLOGY BREAKDOWN**

| Technology          | Number of Petitions | Percentage |
|---------------------|---------------------|------------|
| Electrical/Computer | 309                 | 70.7%      |
| Mechanical          | 51                  | 11.7%      |
| Chemical            | 43                  | 9.8%       |
| Bio/Pharma          | 32                  | 7.3%       |
| Design              | 2                   | 0.5%       |

**NUMBER OF PATENT OWNER PRELIMINARY RESPONSES**

|     | Filed | Waived |
|-----|-------|--------|
| IPR | 169   | 37     |
| CBM | 23    | 2      |

**AIA TRIALS INSTITUTED/SETTLEMENTS/FINAL WRITTEN DECISIONS**

|     | Instituted Trials | Denials | Joinders | Total Number of Decisions on Institution | Settlements | Final Written Decisions |
|-----|-------------------|---------|----------|--|-------------|-------------------------|
| IPR | 122               | 11      | 4        | 137                                      | 34          |                         |
| CBM | 12                | 3       |          | 15                                       | 1           | 1                       |

## TRIAL PROCEEDING STATISTICS

| AIA Trial Proceedings                | Inter Partes Review | Transitional Program<br>for Covered Business<br>Methods | Post Grant Review | Derivation |
|--------------------------------------|---------------------|---|-------------------|------------|
| <b>Petition Filings - FY 2012</b>    |                     |   |                   |            |
| 9/16/2012 - 9/30/2012                | 17                  | 8   |                   |            |
| <b>Petition Filings - FY 2013</b>    |                     |   |                   |            |
| 1st Quarter                          | 80                  | 7   |                   |            |
| 2nd Quarter                          | 92                  | 2   |                   |            |
| 3rd Quarter                          | 137                 | 19  | 1                 | 1          |
| 4th Quarter through 7/31/13          | 68                  | 3   |                   |            |
| <b>Total</b>                         | <b>394</b>          | <b>39</b>   | <b>1</b>          | <b>1</b>   |
| <b>Trials Instituted</b>             |                     |   |                   |            |
| 1st Quarter                          | 1                   |   |                   |            |
| 2nd Quarter                          | 35                  | 11  |                   |            |
| 3rd Quarter                          | 68                  | 1   |                   |            |
| 4th Quarter through 7/31/13          | 22                  |   |                   |            |
| <b>Total</b>                         | <b>126</b>          | <b>12</b>   |                   |            |
| <b>Trials Not Instituted</b>         |                     |   |                   |            |
| 1st Quarter                          |                     |   |                   |            |
| 2nd Quarter                          | 1                   | 3   |                   |            |
| 3rd Quarter                          | 7                   |   | 1                 |            |
| 4th Quarter through 7/31/13          | 7                   |   |                   |            |
| <b>Total</b>                         | <b>15</b>           | <b>3</b>  | <b>1</b>          |            |
| <b>Trials Terminated<sup>1</sup></b> |                     |   |                   |            |
| 1st Quarter                          |                     |   |                   |            |
| 2nd Quarter                          | 6                   | 3   |                   |            |
| 3rd Quarter                          | 12                  |   | 1                 |            |
| 4th Quarter through 7/31/13          | 29                  | 2   |                   |            |
| <b>Total</b>                         | <b>47</b>           | <b>5</b>  | <b>1</b>          |            |

<sup>1</sup> Trials Terminated Include Decisions to Not Institute a Trial Proceeding and Judgments Terminating a Proceeding

| <b>AIA Trial Proceedings</b> | <b>Inter Partes Review</b> | <b>Transitional Program<br/>for Covered Business<br/>Methods</b> | <b>Post Grant Review</b> | <b>Derivation</b> |
|------------------------------|----------------------------|--|--------------------------|-------------------|
| <b>Final Decision</b>        |                            |  |                          |                   |
| 1st Quarter                  |                            |  |                          |                   |
| 2nd Quarter                  |                            |  |                          |                   |
| 3rd Quarter                  |                            | <b>1</b>   |                          |                   |
| 4th Quarter through 7/31/13  |                            |  |                          |                   |
| <b>Trials Pending</b>        |                            |  |                          |                   |
| 1st Quarter                  | 97                         | 15   |                          |                   |
| 2nd Quarter                  | 183                        | 14   |                          |                   |
| 3rd Quarter                  | 308                        | 35   |                          | 1                 |
| 4th Quarter through 7/31/13  | <b>347</b>                 | <b>33</b>  | <b>0</b>                 | <b>1</b>          |

## PENDENCY OF TRIAL PROCEEDINGS

| AIA Trial Proceedings                            | Inter Partes Review<br>(mos.) | Transitional Program<br>for Covered Business<br>Methods (mos.) | Post Grant Review<br>(mos.) | Derivation |
|--|-------------------------------|--|-----------------------------|------------|
| <b>Pendency of Trials Instituted<sup>2</sup></b> |                               |  |                             |            |
| 1st Quarter                                      | 3.13                          |  |                             |            |
| 2nd Quarter                                      | 4.95                          | 4.64   |                             |            |
| 3rd Quarter                                      | 5.11                          | 7.40   |                             |            |
| 4th Quarter through 7/31/13                      | 5.02                          |  |                             |            |
| <b>Pendency of Trials Not Instituted</b>         |                               |  |                             |            |
| 1st Quarter                                      |                               |  |                             |            |
| 2nd Quarter                                      | 4.97                          | 4.98   |                             |            |
| 3rd Quarter                                      | 5.41                          |  | 0.08                        |            |
| 4th Quarter through 7/31/13                      | 3.94                          |  |                             |            |
| <b>Pendency of Trials Terminated<sup>3</sup></b> |                               |  |                             |            |
| 1st Quarter                                      |                               |  |                             |            |
| 2nd Quarter                                      | 3.31                          | 4.98   |                             |            |
| 3rd Quarter                                      | 4.71                          |  | 0.08                        |            |
| 4th Quarter through 7/31/13                      | 5.47                          | 2.92   |                             |            |
| <b>Pendency to Final Decision<sup>4</sup></b>    |                               |  |                             |            |
| 1st Quarter                                      |                               |  |                             |            |
| 2nd Quarter                                      |                               |  |                             |            |
| 3rd Quarter                                      |                               | 5.10   |                             |            |
| 4th Quarter through 7/31/13                      |                               |  |                             |            |

<sup>2</sup> Pendency of Trials Instituted and Trials Not Instituted is calculated from filing date accorded to Decision to Institute/Not Institute

<sup>3</sup> Pendency of Trials Terminated is calculated from filing date accorded to either Decision to Not Institute or Judgment Terminating Proceeding

<sup>4</sup> Pendency to Final Decision is calculated from Decision to Institute to Final Decision