

Patent Portfolio Evaluation: Are Your Patents “AIA-Ready”?

Many factors must be considered for due diligence and valuation of a patent portfolio. The patent owner’s desire to have broad claims that capture a large number of infringements must be tempered against its need for claims that will not be deemed invalid in view of prior art.

Before the America Invents Act (AIA), patents were crafted to survive federal court scrutiny. In the pre-AIA world, an assertion of broad claims was more effective than fretting about validity because it was harder to prove a patent is invalid than it was to prove it was infringed.

With the enactment of the AIA, the Patent Trial and Appeal Board (PTAB or Board) is empowered to review patent validity in administrative trials (AIA Trials). Patents are more readily invalidated in these AIA Trials using a lower burden of proof than required in federal district court. Furthermore, the Board’s administrative patent law judges have both scientific and patent law training, which enables them to scrutinize patents more carefully than a typical district court judge or jury.

The “new normal” is that a patent’s validity is likely tested in the PTAB (in IPR, CBM, or PGR) before it is enforced in federal district court. Savvy companies are taking extra measures to review their patents carefully before acquiring and asserting them to avoid the cost and delay inherent in cancellation by the PTAB.

WHAT ARE THE DOWNSIDES FOR PATENTS THAT ARE NOT AIA-READY?

- **RISK:** AIA Trials statistically favor the Petitioner/Defendant. Don’t invest in a portfolio or a litigation that won’t deliver value.
- **DELAY:** Patent Office Trials are one more reason for a stay of parallel federal district court proceedings. Justice delayed is justice denied.
- **COST:** Patent owners dragged into an IPR, PGR or CBM can expect six figure defense costs with the best-case outcome being that the claims are upheld—which is essentially the patent’s original status.
- **CLAIM CORRECTION UNLIKELY:** Amendments are rarely allowed in IPRs, CBMs, and PGRs. Don’t expect to fix defective patents without a lengthy proceeding that is conducted *after* the AIA Trial.
- **HARM TO FUTURE ACTIONS:** If claims survive the AIA Trial validity challenge, admissions may be made that could reduce the effectiveness of any district court infringement action.

Poorly crafted patents are typically cancelled in an AIA Patent Trial, such as an IPR, CBM, or PGR. High quality patents will pass review, and those patent owners avoid the cost, delay, and risk of defending weak claims in AIA Trials.

EVALUATION USING SHALLOW- AND DEEP-DIVE APPROACHES

Our evaluation approach employs an initial “shallow-dive” and an optional, more thorough, “deep-dive” analysis to review a subject patent portfolio.

A shallow-dive analysis is used to make a rapid assessment of defects and non-standard patent practices that seriously impair the value and “AIA strength” of the patent portfolio. If the portfolio passes the shallow-dive analysis, a deep-dive analysis may be in order to better assess the portfolio’s ability to survive potential challenges arising from AIA Patent Trial proceedings.

Shallow-Dive Analysis

The shallow-dive analysis provides a preliminary, low cost review of the patent and related documentation to help determine if the patent has defects that may affect acquisition. It can be used to:

- Identify claim clarity and scope concerns.
- Make a preliminary determination of whether the portfolio would be susceptible to cancellation in post-grant review.
- Determine the nature and scope of documents that should be analyzed for a “deep-dive” and whether the portfolio merits further investigation.

A shallow-dive analysis will investigate:

- The application and claims as filed, as compared to the claims as issued.
- Any prior art identified as closest prior art (search, litigation, post-grant proceedings).
- The file history (for admissions and for compliance with best prosecution practices).

The report from the shallow-dive analysis will include the information specified by the client, but the goal is to detect any major flaws with the patents and make at least an initial determination of the portfolio’s ability to withstand post-grant proceedings, to help make a decision whether to acquire the portfolio, and areas for further analysis.

Deep-Dive Analysis

A “deep-dive” analysis is a careful analysis of all of the information reviewed in the shallow-dive and additional documents, such as litigation records, post-grant challenges, and findings from any additional prior art searches.

The deep-dive analysis will investigate the following:

- Patent Application
- Patent File History and Prosecution
- Issued US Patent
- Foreign Counterpart Prosecution

- Relevant Litigation Record
- Past and Ongoing Post-Issuance and Opposition Proceedings

The deep-dive analysis will end with a summary of these findings for each patent, or for selected key patents of larger portfolios. The deep-dive analysis will provide information to determine which future post-grant proceedings the patent might be susceptible to. It will also provide recommendations for corrective actions that may be available so that the buyer can make a determination of value prior to purchase of the patent portfolio.

WHY HIRE SCHWEGMAN?

To get a good read of a patent's ability to survive AIA review, you need a team that is versed in both patent prosecution and has real experience with AIA trials. Schwegman has focused on patent prosecution for over 20 years, and has a PTAB trial team that has been involved in AIA Trials since enactment of the AIA. We also have select team leaders who have litigation experience in addition to prosecution and PTAB Trials experience (see attached bio pages).

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Want to know if your patents are AIA ready? Let us tailor an evaluation plan to meet your needs. Please contact Tim Bianchi to discuss your due diligence project and for an estimate of costs and timing.

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Timothy E. Bianchi is a principal of the firm. He is involved in patent prosecution, post-grant proceedings, patent litigation, due diligence, and acquisitions. He is lead counsel for several patent office trials before the Patent Trial and Appeal Board (PTAB), including *inter partes* reviews, covered business method patent reviews, and post-grant reviews. His blog covers patent office trials, patent litigation, and reexamination (www.ReexamLink.com).