A partnership between Thomson Reuters Legal Executive Institute and Sterne, Kessler, Goldstein & Fox P.L.L.C.*

Intellectual Property continues to be a hot segment of the legal marketplace. However, making the decision to protect or enforce intellectual property rights has increasingly become a strategic discussion between patent owners and their IP counsel, especially in light of recent legislation and Supreme Court decisions. This paper looks at who is benefiting in the current landscape and what trends to watch over the next few years.

Trends in Patent and Trademark Prosecution: Growth or Decline?

According to the United States Patent and Trademark Office (USPTO), the number of application filings increased each year from 2010-14 (Figs. 1, 2) for patent applications as well as trademark applications.

Figure 1: Total Patent Applications¹

![Graph of Total Patent Applications]

Figure 2: Trademark Applications²

![Graph of Trademark Applications]

* A special thank-you to the following individuals at Sterne, Kessler, Goldstein & Fox P.L.L.C.: Robert Burger, Executive Director; Tina Elsner, Strategic Client Relations Manager; Patrick Murray, Paralegal

¹ ° Source: United States Patent and Trademark Office
Peer Monitor reports that the growth in demand for the patent prosecution market segment has outpaced the corresponding demand growth in the overall legal marketplace (Fig. 3).

**Figure 3: Patent Prosecution v. All Practices 2015 – Mid-Year Key Performance Measures**

Looking closely at law firm segments within the patent prosecution market, Am Law firms have experienced positive growth over the past three years (Fig. 4), primarily driven by the firms in the Am Law 101-200 tier.

In contrast, midsize firms have experienced negative growth over the past four years. The 2012-13 period was the most difficult for midsize firms, with year-to-year declines in the patent prosecution market of more than 10%. Over the past two years, stability has returned for these firms, though positive growth has been elusive. IP specialty firms have experienced growth on par with or slightly greater than the growth experienced by the Am Law firms.

In the copyright and trademark prosecution space, all tiers of firms have experienced erratic growth trends dating back to 2008 (Fig. 5). In the past two years, midsize and IP specialty firms have experienced positive growth, while Am Law firms have seen a slight downturn in this area.

---

**Figure 4: Patent Prosecution Demand Growth**

**Figure 5: Copyright & Trademark Demand Growth**

---

**The report uses the term “midsize firms” to refer to firms that are outside the Am Law One Hundred and Second Hundred categories. The midsize firms included in this analysis averaged 138 lawyers.**

1. Source: Peer Monitor
2. Source: Peer Monitor; all timekeepers, billable & contingent time type, US-based firms
Things to Watch: Patent and Trademark Prosecution

- In light of recent landmark court decisions (e.g., Alice v. CLS Bank (S. Ct. 2014), Limelight v. Akamai (S. Ct. 2014, Fed. Cir. en banc 2015), Nautilus v. Biosig (S. Ct. 2014), AMP v. Myriad Genetics (S. Ct. 2013), Mayo v. Prometheus (S. Ct. 2012)), legislative changes (the America Invents Act of 2011), and the potential for further congressional action, patent prosecution strategy must evolve to meet the changing legal landscape and make the business case for continued investment in patent protection, especially in the software and life sciences areas.

- While some areas of patent prosecution may contract, growth potential exists in other segments. The number of Graphical User Interface (GUI) patents issued by the USPTO has more than doubled over the past four years. As companies face increased challenges in prosecuting software applications, there may be a continued shift to protect IP by using GUI and other design patents.

- Due to the ongoing confluence of technologies, there seems to be a shift to broaden the scope of trademark coverage, with a reevaluation of filing strategies. This includes an increased focus on globalization/filing in foreign countries, counterfeiting, and online commerce.

Trends in Patent and Trademark Litigation: Growth or Decline?

Patent litigation filings experienced a decline in 2014, following three years of growth (Fig. 6). As of July, litigation filings in 2015 were on track to meet or exceed the total from 2013, the previous high-water mark. A driving factor behind the recent rise in litigation filings is the anti-joinder rules implemented under the America Invents Act, which placed restrictions on plaintiffs filing single lawsuits against multiple unrelated defendants.

Peer Monitor’s figures on patent litigation include work related to Patent Trial and Appeal Board (PTAB) litigation (inter partes reviews, covered business method reviews, and postgrant reviews before the Patent Trial and Appeal Board). In the past three years, only IP specialty firms have seen a year-over-year increase in patent litigation work (Fig. 7). Much of the growth to patent litigation can be attributed to PTAB litigation.

After a period of continual slight declines in trademark litigation, the segment experienced a year of growth in 2014 (Fig. 8). Trademark litigation filings are on track to return to 2013 levels in 2015.

---

6 Source: Thomson Reuters Monitor Suite
7 Source: Thomson Reuters Peer Monitor; all timekeepers, billable & contingent time type, US-based firms
Things to Watch: Patent and Trademark Litigation

- As accused infringers utilize challenges at the Patent Office to attack the patents-in-suit, district court plaintiffs may continue to be faced with the prospect of enduring stays as the PTAB litigation (and possible appeals) run their course. Anecdotal evidence suggests the typical length of time to complete a patent enforcement action is typically between 5 and 8 years.

- To avoid the lengthening timeline for patent enforcement, plaintiffs may shift their strategy to use venues with accelerated timelines, such as the ITC or the proposed European Unified Patent Court. Patent enforcement may be moving from the US to Europe based on a perception that patent owners fare better in these tribunals, especially in Germany and the UK.

- Due to recent decisions in the TTAB (Trademark Trial and Appeal Board), we will likely see a more thoughtful and thorough approach to opposition and cancellation proceedings before the board.

Trends in PTAB Litigation: Is the Growth Slowing?

According to Thomson Reuters Monitor Suite, since PTAB litigation became available in September 2012, nearly 4,000 petitions have been filed. It took almost a year and a half for the first 1,000 petitions to be filed. Each subsequent seven-month period has seen around 1,000 petitions filed, indicating that the growth rate of PTAB filings may have plateaued.

Electronics and computer-related technology patents have been most frequently challenged at the PTAB, with over one-third of PTAB petitions attacking patents in these areas. Filings against patents in these spaces are down slightly in 2015, and more patents in the telecom and automotive industries are being challenged at the PTAB this year, relative to 2014. It is worth noting that pharmaceuticals are the only industry with a predicted drop in the number of petitions through the end of 2015.
While IP specialty firms started with a solid lead in representations for the first year of PTAB litigation, Am Law firms have been chipping away at that advantage over the last two years.11 IP specialty firms made up over 72% of representations among the most active firms at the PTAB in September 2013 (according to PTAB filing data). That figure is now around 56%, with Am Law firms in that sample increasing their share of representations from 23% to 37% of representations in that span. Midsize firms had the smallest number of representations over that time period, with their share fluctuating between 4% and 8%.

Things to Watch: PTAB Litigation

- As the rate of PTAB litigation filings appears to level off, both petitioners and patent owners are becoming accustomed to a patent landscape that includes invalidity proceedings before the PTAB. Law firms appear to have made the adjustment as well. Am Law firms that historically relied on district court litigation are moving into the PTAB litigation space, as the related district court litigation is often stayed pending the outcome of an IPR or CBM.

- The extent to which PTAB litigation is a sustainable part of the patent landscape remains to be seen. While the USPTO hopes stability in prosecution and examination standards will lessen the need for invalidity proceedings before the Office, district court litigation might continue to drive challenges at the PTAB.

Source: Thomson Reuters Monitor Suite

Based on an analysis of PTAB filing data and tracking the top law firms involved in PTAB litigation as determined by lead counsel representations

Authors’ compilation of PTAB filing data
Conclusions

• Patent prosecution continues to grow for Am Law and IP specialty firms. Meanwhile, midsize firms continue to experience negative growth.

• While trademark prosecution growth has been erratic over the last five years, both midsize and IP specialty firms have experienced positive growth over the last two years.

• Patent litigation filings are on track to rebound after a dip in 2014, with IP specialty firms experiencing positive growth in this area, most likely due to PTAB litigation.

• Am Law firms are starting to take on more PTAB litigation, although the IP specialty firms continue to dominate this type of work.