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PATENT REEXAMINATION WITH LITIGATION,
STRATEGIES AND PRACTICE TIPS

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Patent Reexamination with Litigation

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PATENT REEXAMINATION WITH LITIGATION

I. INTRODUCTION

Litigants are increasingly using *ex parte* and *inter partes* reexamination as an avenue to challenge patent validity, especially in highly technical cases that may be difficult for juries. For the U.S. Patent and Trademark Office's fiscal year 2007, a record 643 *ex parte* and 126 *inter partes* reexamination requests were filed. This marks an increase of 26% and 80%, respectively, over the prior fiscal year. More than ever, these requests relate to pending patent litigation. Presented here is a look at the increasing role of reexamination in litigation including practitioner perspectives on improving the reexamination process, litigation strategies, and the interplay between reexamination and litigation at all stages of the proceedings.

Recent case law has also helped to lay out the groundwork for reexaminations. In one case, the patent owner asserted a patent at trial, and received a relatively narrow claim construction by the Federal Court. In a reexamination for the same patent, the patent examiner adopted a claim construction that was different from the claim construction used by the Court, which resulted in a reexamination certificate cancelling all of the claims. The Federal Circuit affirmed that a patent examiner, using the broadest reasonable interpretation standard, can utilize a claim construction during reexamination that is different from the claim construction used by the courts. *In re Trans Texas Holding*, No. 2006-1599, -1600 (Fed. Cir. 2007).

Trends are also appearing in how courts handle co-pending litigation and reexamination for the same patent. In the pending cases *Antor Media Corp. v. Metacafe, Inc., et al.*, No. 02:07CV-102 (E.D. Tex. 2007) and *DataTreasury Corp. v. Wells Fargo & Co. et al.*, No. 2:06-cv-0072-DF (E.D. Tex. 2007), for example, the Courts proposed stipulations governing the manner in which estoppels would apply in the litigation following stay for reexamination.

Thus, there are many new strategic points to consider by an accused infringer as to the filing of a patent reexamination request. As part of the defense strategy, a threshold inquiry is whether or not a reexamination should be filed. If so, the analysis proceeds with what type or types of reexamination to file, how to prepare a request with the highest chances of success, how to craft the request to best drive important claim construction issues in the case, and when to file the request. Also for consideration is the impact the reexamination might have on the pending lawsuit, including progress of the case, development of other defenses including inequitable conduct, on-sale bar, prior public use, and how to best maximize such parallel defenses. Additionally, other scenarios need to be addressed, including how to reduce the effect of a reexamination not being granted for a particular claim, and claim amendments.

II. THE REEXAMINATION PROCESS

Reexamination is one of four ways by which a patent can be “corrected” or amended.² Reexamination is unique in that it can be requested by anyone, and not just the patent owner.³ There are two types of reexamination: *Ex parte* reexamination and *inter partes* reexamination. *Ex parte* reexamination is available for all pending patents, while *inter partes* reexamination is only available for patents “issued from an original application filed in the United States on or after November 29, 1999.”⁴

A. *EX PARTE* REEXAMINATION

Congress enacted *ex parte* reexamination in 1980 by the creation of 35 U.S.C. §§ 301-307. The Rules of Practice governing *ex parte* reexamination are provided in 37 C.F.R. 1.510 - 1.570. The Manual of Patent Examining Procedure (MPEP) provides additional detail in Chapter 2200, titled “Citation of Prior Art and *Ex parte* Reexamination of Patents.”

An *ex parte* reexamination is initiated by filing a “Request for Reexamination.” The request must identify a “substantial new question of patentability” affecting any claim of the patent concerned, based on patents and publications.⁵ The existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the Office or considered by the Office.⁶ Anyone, including the patentee, may initiate *ex parte* reexamination and provisions are available for keeping the requester’s identity confidential.⁷ Multiple requests for *ex parte* reexamination can be filed, as long as each request raises a substantial new question of patentability⁸ and as long as the second or subsequent request was not filed for purposes of harassment of the patent owner.⁹ It is not unusual for multiple requests to be merged

² The four ways are: 1) reexamination; 2) reissue; 3) certificate of correction; and 4) disclaimer. *See generally*, Patent & Trademark Office, Manual of Patent Examining Procedure, Ch. 1400 (8th Ed., Rev. 3, August 2005) (“MPEP”).

³ An interference proceedings can also be initiated by a third party, but this proceeding has a different set of requirements that is beyond the scope of the present paper. 35 U.S.C. § 135. *See also*, MPEP Ch. 2300.

⁴ 37 C.F.R. § 1.913 (2004).

⁵ 35 U.S.C. § 303 (2006).

⁶ 35 U.S.C. § 303 (2006).

⁷ 37 C.F.R. § 1.501 (2004).

⁸ *See*, 37 C.F.R. § 1.565(c) (2004). Note, however, that the same prior art reference may be used to start a second reexamination during the pendency of the first reexamination “only if the prior art cited raises a substantial new question of patentability which is different than that raised in the pending reexamination proceeding.” MPEP § 2240.

⁹ *See*, MPEP § 2240.

into a single proceeding.¹⁰ Issues not based on patents or printed publications, such as inventorship, inequitable conduct, enablement, written description, and best mode are not considered when making the determination on the request for reexamination.¹¹

Upon filing a request for *ex parte* reexamination, the Director of the Office will make a determination whether or not a substantial new question of patentability affecting any claim is raised by the request, and then enter an order granting or denying the request, within 90 days.¹² If granted, the order will identify which claims are subject to reexamination, and at least one reference supporting the grant of the reexamination. Upon a grant order for reexamination, within two months of service the patent owner optionally may file a “statement” on such question, including any narrowing claim amendments or new claims for consideration, a cancellation of claims, or a correction of inventorship.¹³ If (and only if) the patent owner files such a statement, within two months thereafter the requester may file and have considered a reply to the patent owner’s statement.¹⁴ Otherwise, the requester is no longer able to participate in the reexamination, nor any appeals therefrom. Following the grant and any responses or replies, the examiner will issue an Office action. Subsequent prosecution of an *ex parte* reexamination by the patent owner is similar to that of a utility patent application, with some differences in amendment formats and timing.

Reexamination proceedings, including any appeals, are to be conducted with special dispatch within the Office.¹⁵ In addition to the use of accelerated time limits, to bring the prosecution to a speedy conclusion “it is intended that the second Office action in the reexamination proceeding following the decision ordering reexamination will be made final[.]”¹⁶ Current statistics for *ex parte* reexamination (discussed below) show an average pendency time of 24 months from the initial order to the issuance of a reexamination certificate.

¹⁰ 37 C.F.R. § 1.989 (2004).

¹¹ See, MPEP § 2217. The requirements of 35 U.S.C. § 112 can be addressed for the purpose of determining a priority date of a claim, if the application is a continuation, divisional, or continuation-in-part of another application. *Id.* Also, the patent owner can make corrections to inventorship during the reexamination. 37 C.F.R. § 1.530(l) (2004).

¹² See, 35 U.S.C. § 303(a) (2006) and 37 C.F.R. § 1.515(a) (2004).

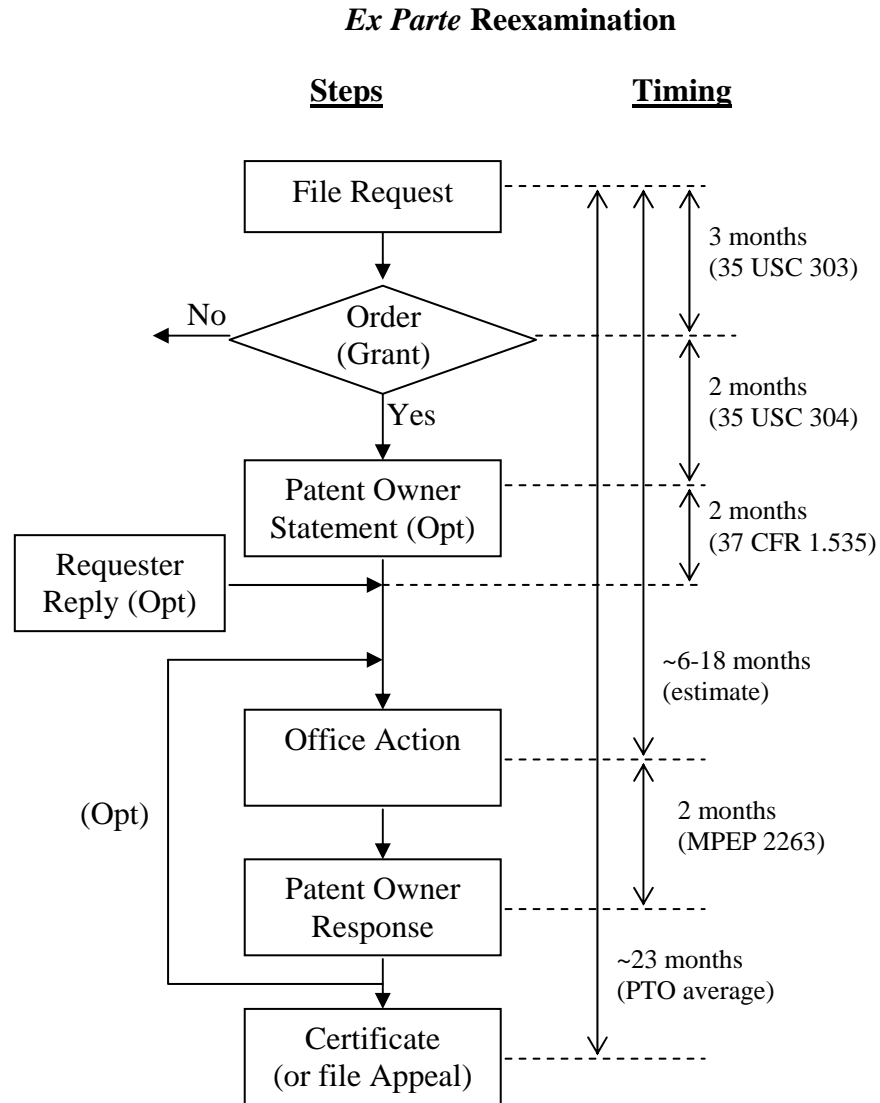
¹³ See, 35 U.S.C. §§ 304, 305 (2006) and 37 C.F.R. § 1.530 (2004).

¹⁴ See, 35 U.S.C. § 304 (2006) and 37 C.F.R. § 1.535 (2004).

¹⁵ See, 35 U.S.C. § 305 (2006). See also, 37 C.F.R. §§ 1.111, 1.550, 1.956 (2004); and MPEP §§ 2266, 2647.01. Office Actions should be produced with “special dispatch.” Special dispatch also means that the patent owner may obtain time extensions only for good cause shown, and the requester cannot get time extensions.

¹⁶ See, MPEP § 2271.

A flow chart describing the steps in an *ex parte* reexamination procedure is provided below, with timings listed to the right of the chart. The timings are provided directly from the applicable rules and/or statutes, except for the estimated and average times so indicated.¹⁷



Arguably, the biggest drawback of *ex parte* reexamination is the inability of a third party requester to remain involved in the process. This drawback is squarely addressed by the creation of the *inter partes* reexamination process, discussed below.

¹⁷ See the following section titled “Reexamination Statistical Analysis,” which provides further support for the estimated and PTO average times given.

B. *INTER PARTES* REEXAMINATION

Congress enacted the *inter partes* reexamination procedure in 1999 as set forth in 35 U.S.C. §§ 311-318. The Rules of Practice governing *inter partes* reexamination are provided in 37 C.F.R. 1.902-1.997. The Manual of Patent Examining Procedure (MPEP) provides additional detail in Chapter 2600, entitled “Optional *Inter partes* Reexamination.”

Inter partes reexamination includes many similarities to *ex parte* reexamination but, as its name implies, allows for participation by the requester throughout the process. Another significant difference is that the patent owner cannot provide a patent owner statement between an order granting reexamination and the first Office action. Typically, an order granting *inter partes* reexamination is issued by the Office along with the first Office action.

As with *ex parte* reexamination, an *inter partes* reexamination is initiated by filing a “Request for Reexamination” that will be granted if the request raises a “substantial new question of patentability” based on published prior art references.¹⁸ Issues of inventorship, inequitable conduct, enablement, written description, and best mode as a basis for invalidity cannot be raised.¹⁹

A third-party requester can only file one request for *inter partes* reexamination, unless it can be shown that the requester could not have raised the issue at the time of filing the prior request.²⁰

A flow chart describing the steps in an *inter partes* reexamination procedure is provided below, with timings listed to the right of the chart. The timings are provided directly from the applicable rules and/or statutes, except for the estimate and average times so indicated.²¹

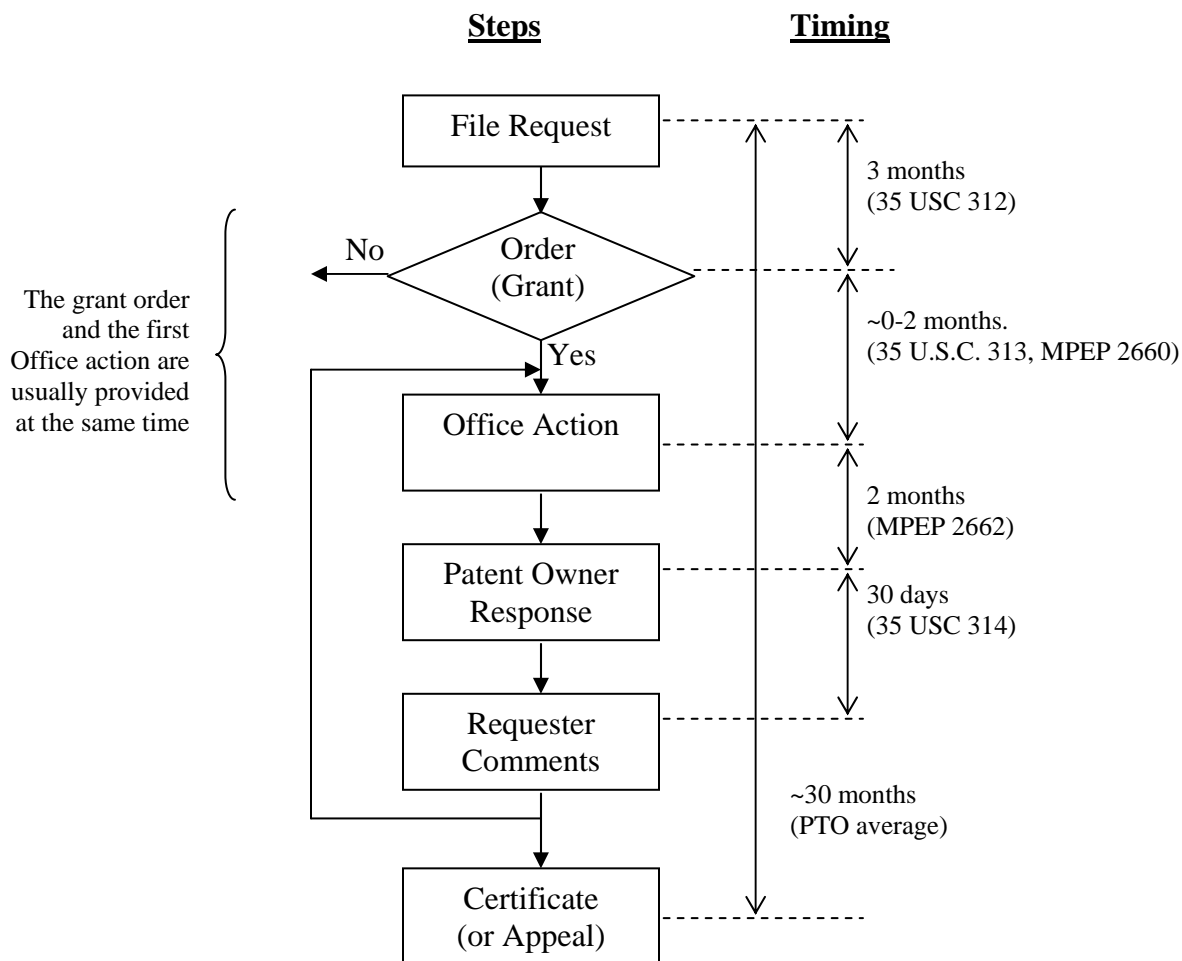
¹⁸ 35 U.S.C. § 312 (2006).

¹⁹ See, MPEP §§ 2616, 2617. However, the requirements of 35 U.S.C. § 112 can be addressed for the purpose of determining a priority date of a claim, if the application is a continuation, divisional, or continuation-in-part of another application. See, MPEP § 2617. Also, it is noted that the patent owner can make corrections to inventorship during the reexamination. 37 C.F.R. § 1.530(l) (2004).

²⁰ 37 C.F.R. § 1.907 (2004). See the following section titled “Estoppel to Bring Inter Partes Reexamination” for further analysis.

²¹ See the following section titled “Reexamination Statistical Analysis,” which provides further support for the estimated and PTO average times given.

***Inter Partes* Reexamination**



Speedy First Action. In *inter partes* reexamination, the first Office action is usually provided at the same time as the order for grant, within 90 days following the filing of the request.²² As compared with *ex parte* reexamination, the result can be a much faster initial rejection of the claims.²³

Third Party Participation. Throughout the *inter partes* reexamination process, the requester remains involved with substantive communications between the patent owner and the Patent Office. Specifically, 35 U.S.C. § 314 states:

²² See 35 U.S.C. § 312; 37 C.F.R. § 1.935 (2004). The first Office action can be delayed up to 2 months after the order. MPEP § 2660.

²³ In an *ex parte* reexamination, it is not unusual for an Office action to be provided 6-18 months after filing. (The estimate of 6-18 months is derived from analyzing recent reexaminations at <http://portal.uspto.gov/external/portal/pair>.)

Each time that the patent owner files a response to an action on the merits from the Patent and Trademark Office, the third-party requester shall have one opportunity to file written comments addressing issues raised by the action of the Office or the patent owner's response thereto, if those written comments are received by the Office within 30 days after the date of service of the patent owner's response.

The third-party requester can comment on the Office action, the patent owner's response, or both. This involvement continues through the appeal process, and even includes the ability of the third party requester to participate in appeals initiated by the patent owner and to file appeals to the board of patent appeals and interferences (BPAI) and to the Court of Appeals for the Federal Circuit.²⁴ Note, however, that for some filings and Patent Office actions, such as requests for extensions of time by the patent owner or their grant, the third party requester is not entitled to comment.²⁵

Third Party Estoppel and Litigation. Estoppels that attach in *inter partes* reexamination are the most controversial aspect of the procedure and are "the most frequently identified inequity that deters third parties from filing requests for *inter partes* reexamination of patents."²⁶

Preclusive Effect of Reexamination

35 U.S.C. § 315(c) states:

A third-party requester whose request for an *inter partes* reexamination results in an order under section 313 is estopped from asserting ***at a later time***, in any civil action arising in whole or in part under section 1338 of title 28, the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or ***could have raised*** during the *inter partes* reexamination proceedings. This subsection does not prevent the assertion of invalidity based on newly discovered prior art ***unavailable*** to the third-party requester and the Patent and Trademark Office at the time of the *inter partes* reexamination proceedings. (Emphasis added.)

To preclude unnecessary litigation, section 315(c) provides that a third-party requester who is granted an *inter partes* reexamination may not assert at a later time in any civil action the invalidity of any claim finally determined to be patentable on any ground that the third-party requester raised or could have raised during the *inter partes*

²⁴ 35 U.S.C. § 315 (2006).

²⁵ See, e.g., MPEP § 2665.

²⁶ United States Patent and Trademark Office Report To Congress on Inter Partes Reexamination at: http://www.uspto.gov/web/offices/dcom/olia/reports/reexam_report.htm.

reexamination. However, invalidity may be asserted based upon newly discovered prior art unavailable to the requester and the Office at the time of the reexamination.

The provisions of section 315(c) are unclear in several respects and their scope has yet to be tested. A breakdown of the important considerations are as follows:

- **“at a later time.”** The third-party requester is estopped from asserting “at a later time” in a civil action the invalidity of a claim finally determined to be valid in an *inter partes* reexamination. This language does not appear to preclude the pursuit of identical assertions of invalidity in a co-pending litigation matter. The only litigation assertions estopped are those made after a final determination in reexamination, following appeals (if any) to the BPAI and the Court of Appeals for the Federal Circuit.²⁷
- **“could have been raised” estoppel.** The third-party requester is estopped from asserting at a later time in litigation the invalidity of a patent claim finally determined to be patentable as to all issues which were raised or “could have been raised” during the reexamination proceeding. The “could have been raised” language may be construed to mean that if all possible anticipatory features of a reference, and all possible permutations of obviousness combinations and their motivations to combine, are not explicitly argued in reexamination then they are not later assertable in litigation.

More problematic however is a concern that this “could have been raised” language might be broadly construed to include newly uncovered prior art that “could have been found earlier” through prior art searching; and therefore should have been submitted in reexamination. The outcome of this inquiry also implicates the statutory meaning of the estoppel exception for newly discovered art “unavailable” to the requester and the USPTO, addressed below. The current USPTO position on the meaning of “could have been raised” was posted in the Official Gazette and states: “The question of whether an issued could have been raised must be decided on a case by case basis, evaluating all the facts of each individual situation.”²⁸

- **“unavailable” prior art exception to estoppel.** An exception to the estoppel provisions are that they do not prevent assertions of invalidity in

²⁷ To the extent there is any ambiguity on this point, it is addressed in a proposed amendment that would make clear estoppel is effective only after there has been a “final decision in an inter partes reexamination proceeding that is favorable to the patentability of any original or proposed amended or new claim of the patent.” See, H.R. 2231 § (c)(1).

²⁸ United States Patent and Trademark Office Report To Congress on Inter Partes Reexamination at: http://www.uspto.gov/web/offices/dcom/olia/reports/reexam_report.htm, citing *Official Gazette* 1234:97 (May 23, 2000).

litigation based on newly discovered prior art “unavailable” to the third-party requester and the Office at the time of the reexamination. Under a broad interpretation though, it might be argued that a reference which is simply “available” in a database, even though not discovered by the requester, by definition is not “unavailable” to the requester. Therefore it invokes a “could have been raised” estoppel (as recited above).

In a PTO sponsored round table discussion on this issue held February 17, 2004, the round table participants raised the yet unanswered question: “How extensive would a prior art search have to be in order to avoid a ‘could have been raised’ estoppel, or to satisfy the ‘unavailable’ prior art exception?”²⁹ The discussion presumes an affirmative duty to search, which may or may not exist. According to the applicable Congressional Record, “unavailable” prior art is defined as prior art that was “. . . not known to the individuals who were involved in the . . . inter partes reexamination proceeding on behalf of the third-party requester and the USPTO.”³⁰

The Patent and Trademark Office acknowledges “the estoppel provisions should be better defined” and “recommends that Congress further define the extent and nature of estoppel risks imposed upon third parties requesting inter partes reexamination of a patent.”³¹

Estoppel to Bring *Inter Partes* Reexamination

35 U.S.C. § 317(b) states:

(b) FINAL DECISION.—Once a final decision has been entered against a party in a civil action arising in whole or in part under section 1338 of title 28, that the party has not sustained its burden of proving the invalidity of any patent claim in suit or if a final decision in an inter partes reexamination proceeding instituted by a third-party requester is favorable to the patentability of any original or proposed amended or new claim of the patent, then neither that party nor its privies may thereafter request an inter partes reexamination of any such patent claim on the basis of issues which that party or its privies raised or could have raised in such civil action or inter partes reexamination proceeding, and an inter partes reexamination requested by that party or its privies on the basis of such issues may not thereafter be maintained by the Office, notwithstanding any other

²⁹ United States Patent and Trademark Office Report To Congress on Inter Partes Reexamination at: http://www.uspto.gov/web/offices/dcom/olia/reports/reexam_report.htm.

³⁰ United States Patent and Trademark Office Report To Congress on Inter Partes Reexamination at: http://www.uspto.gov/web/offices/dcom/olia/reports/reexam_report.htm, citing S. 1948 (Cong. Rec. 17 Nov. 1999: S14720).

³¹ United States Patent and Trademark Office Report To Congress on Inter Partes Reexamination at: http://www.uspto.gov/web/offices/dcom/olia/reports/reexam_report.htm.

provision of this chapter [35 U.S.C. § §311 et seq.]. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the *inter partes* reexamination proceedings.

Section 317(b) sets forth conditions by which *inter partes* reexamination is prohibited to guard against harassment of a patent holder. If a third-party requester asserts patent invalidity in a civil action and a final decision is entered that the party failed to prove the assertion of invalidity, or if a final decision in *inter partes* reexamination instituted by the requester is favorable to patentability, after any appeals, that third party requester cannot thereafter request or maintain *inter partes* reexamination on the basis of issues which were or could have been raised. However, the third-party requester may assert invalidity based on newly discovered prior art unavailable at the time of the civil action or prior *inter partes* reexamination.

C. SUBSTANTIAL NEW QUESTION OF PATENTABILITY

The presence or absence of “a substantial new question of patentability” determines whether or not a reexamination is ordered.³² A refusal to declare a reexamination by the reviewing examiner may be petitioned to the Director.³³ The determination of the Director on this issue is not appealable.³⁴

Criteria For Deciding Request

The meaning and scope of the term “a substantial new question of patentability” is not statutorily defined and is determined by the Office on a case-by-case basis. The criteria for deciding the existence of a “substantial new question of patentability” is the same for both *ex parte* and *inter partes* proceedings.

A prior art patent or printed publication raises a substantial new question of patentability where:

- (a) “a reasonable examiner would consider the teaching to be **important** in deciding whether or not the claim is patentable;” and
- (b) “the same question of patentability as the claim has not been decided by the office in a previous examination or pending reexamination of the patent or in

³² 35 U.S.C. § 304 (2006).

³³ 37 C.F.R. § 1.927 (2004).

³⁴ 35 U.S.C. § 312 (c) (2004).

final holding of invalidity by the Federal Courts in a decision on the merits involving the claim.”³⁵

The meaning of “a substantial new question of patentability” is further clarified by certain guidelines, as outlined below.

Prima Facie Unpatentability Not Required. It is not necessary that a “prima facie” case of unpatentability exist as to the claim in order for “a substantial new question of patentability” to be present as to the claim. Thus, a “substantial new question of patentability” as to a patent claim could be present even if the examiner would not necessarily reject the claim as fully anticipated by, or obvious in view of, the prior art patents or printed publications.³⁶

Note, however, that in the case of *inter partes* reexamination, a first Office action on the merits “will ordinarily be mailed together with the order granting reexamination.”³⁷

One Claim Sufficient. A patent or printed publication that applies to at least one claim of the patent will be sufficient to warrant the reexamination of all claims in the patent.³⁸

“Old Art” as a Basis for Reexamination. “The existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the Office or considered by the Office.”³⁹ A substantial new question (SNQ) of patentability is often based on art previously considered/cited in an earlier concluded Office examination (hereinafter referred to as “old art”).⁴⁰ “For example, a SNQ may be based solely on old art where the old art is being presented/viewed in a new light, or in a different way, as compared with its use in the earlier concluded examination(s), in view of material new argument or interpretation presented in the request.”⁴¹

³⁵ MPEP §§ 2242; 2642 (emphasis in original).

³⁶ MPEP §§ 2242; 2642.

³⁷ MPEP § 2660.

³⁸ MPEP §§ 2216, 2258.

³⁹ 35 U.S.C. § 303(a) (2002).

⁴⁰ The term “old art” is used in the MPEP and was coined by the Federal Circuit in *In re Hiniker*, 150 F.3d 1362 (Fed. Cir. 1998). Public Law 1107-273, 116 Stat. 1758, 1899-1906 (2002) expanded the scope of what may raise a SNQ to include old art.

⁴¹ MPEP §§ 2242; 2642.

Evidence Supporting Request

Mere citation of a prior art reference, without explanation, is not sufficient to warrant reexamination.⁴² Furthermore, prior art that serves only to provide evidence of prior public use is not sufficient to warrant reexamination. The MPEP warns the examiner to carefully analyze the reference to make sure that it is not “merely used as evidence of alleged prior public use or on sale.”⁴³

Affidavits. Affidavits or declarations of an expert, in conjunction with a prior art patent or printed publication, may be used to determine if a substantial new question of patentability exists. Affidavits or declarations are routinely used to:

- Explain the contents of the prior art, including inherent features;
- Support the publication date of a reference;
- Address the motivation to combine references;
- Address the adequacy of the patent disclosure when seeking to break the chain of priority based on 35 U.S.C. § 112; and
- Counter any assertions of secondary considerations, such as commercial success.⁴⁴

Admissions. Admissions of the patent owner, if in conjunction with a prior art patent or printed publication, may establish the basis for a substantial new question of patentability.⁴⁵ Any admission submitted by the third-party requester may not be outside the record of the file or the court record.⁴⁶

D. EXAMINATION ON THE MERITS

Once reexamination is ordered, the examination on the merits is dictated by 35 U.S.C. § 305, and conducted according to the procedures established for initial examination. As explained above in II.A., the proceeding is conducted with special dispatch and, if it is an *inter partes* reexamination, no interviews are permitted.

⁴² MPEP §§ 2217, 2617.

⁴³ MPEP §§ 2217, 2617.

⁴⁴ *See, e.g.*, MPEP §§ 2205, 2258, 2616, 2617, 2660.

⁴⁵ MPEP §§ 2217, 2617.

⁴⁶ MPEP §§ 2217, 2617.

An explicit intent of the reexamination procedures is “to maximize respect for the reexamined patent.”⁴⁷ Although not explained, this statement does not infer any “presumption of validity” to the patent being reexamined. In reexamination, “there is no presumption of validity and the ‘focus’ of the reexamination ‘returns essentially to that present in an initial examination.’”⁴⁸ Reexamination by definition is just that, and requires the examiner to apply the same analysis as for an original examination.

17 C.F.R. § 1.104 (2004) states:

On taking up an application for examination or a patent in a reexamination proceeding, the examiner shall make a thorough study thereof and shall make a thorough investigation of the available prior art relating to the subject matter of the claimed invention. The examination shall be complete with respect both to compliance of the application or patent under reexamination with applicable statutes and rules and to the patentability of the invention as claimed, as well as to matters of form, unless otherwise indicated.

The reexamination procedures also include the following features:

- **Examiner Assignment Policy.** “It is the policy of the Office that the SPE will assign the reexamination request to an examiner different from the examiner(s) who examined the patent application.”⁴⁹
- **Patentability Review Conferences.** A “patentability review conference” will be convened at two stages of the examination in an *ex parte* reexamination proceeding. First, just prior to issuing a final rejection; and second, just prior to issuing a Notice of Intent to Issue.⁵⁰ The conference will consist of the examiner and two other conferees chosen by the supervisory primary examiner (SPE). The purpose of the conference is explained in the MPEP: “Review of the patentability of the claims by more than one primary examiner should diminish the perception that the patent owner can disproportionately influence the examiner in charge of the proceeding. The conferences will also provide greater assurance that all matters will be addressed appropriately.”⁵¹

⁴⁷ See, MPEP § 2209.

⁴⁸ *Ethicon, Inc. v. Quigg*, 849 F.2d 1422 (Fed Cir. 1988), citing *In re Etter*, 756 F.2d 852, 857 (Fed. Cir. 1995).

⁴⁹ See, MPEP § 2236. See also, exceptions to this general policy.

⁵⁰ See, MPEP § 2271.01.

⁵¹ *Id.*

During reexamination, claims are “given their broadest reasonable interpretation consistent with the specification and limitations in the specification are not read into the claims.”⁵² As indicated above with respect to determining the existence of a SNQ, admissions of the patent owner in the USPTO or court record as to matters affecting patentability may be utilized in a reexamination proceeding.⁵³

E. APPEAL

In *ex parte* reexamination, only the patent owner, not the third party requester, may appeal to the Board of Appeals and Patent Interferences, and ultimately to the Court of Appeals for the Federal Circuit, for review of the examiner’s decision.⁵⁴

In *inter partes* reexamination, the third party requester also has the right to appeal to the Board and to the Federal Circuit.⁵⁵ The third party requester may also participate in and oppose an appeal by the patent owner.⁵⁶

An interesting hypothetical exists as to whether the Federal Circuit might reach different results on two appeals involving the same patent, one from a reexamination and the other from a district court.⁵⁷ In the proposed hypothetical, one appeal is from a reexamination in which the Office held the patent invalid, after the Office applied the evidentiary standard in which no deference need be given to the Office’s own prior work in issuing the original patent. The other appeal is from a federal court upholding the validity of the patent (presumably on the same prior art) after applying a clear and convincing evidence standard, and the presumption of validity. In the two appeal scenarios, would the Federal Circuit apply different standards of review, and reach different outcomes? Probably so. The authors suggest that in scenario one, the Federal Circuit should give deference to the an agency (PTO) decision and would likely uphold the invalidity, while in scenario two, the Federal Circuit should apply the clear and convincing standard and would likely uphold the decision of validity. They further note that no *inter partes* reexaminations have yet been ruled on by the Federal Circuit, and so this issue has yet to be addressed.⁵⁸ As a practical matter, it is likely the Federal circuit would consider the full record of both proceedings in applying the standard of review for the appeal at issue.

⁵² MPEP § 2258, citing *In re Yamamoto*, 740 F.2d. 1569 (Fed. Cir. 1984).

⁵³ 37 C.F.R. § 1.104(c)(3) (2004).

⁵⁴ 35 U.S.C. §§ 306, 141.

⁵⁵ *Id.*

⁵⁶ 35 U.S.C. § 315(b).

⁵⁷ See, *Inter Partes Reexamination in the United States*, Sherry M. Knowles, Thomas E. Vanderbloemen, and Charles E. Peeler, 86 J. Pat. & Trademark Off. Soc’y 611 (2004).

⁵⁸ *Id.*

F. POTENTIAL CHANGES THAT MAY AFFECT THE REEXAMINATION PROCESS

Both the Patent Office and Congress are proposing future statutory and rule changes that, if enacted, will affect the reexamination process.

1. House bill. On September 7, 2007, the House passed HR1908. The portion of this bill that is directed to reexaminations and post-grant (opposition) proceedings is provided at Appendix C.

Reexamination. Several changes have been proposed by the House bill for the reexamination proceedings, including the use of an administrative judge and the availability of an oral hearing.

Administrative Judge. According to the new House bill, patent examiners will no longer conduct inter partes reexamination proceedings. Instead, an Administrative Judge will conduct the proceedings. 35 U.S.C. § 314(a) is being amended to state that:

(a) In General.— Except as otherwise provided in this section, reexamination shall be ~~conducted according to the procedures established for initial examination under the provisions of sections 132 and 133~~ heard by an administrative patent judge in accordance with procedures which the Director shall establish.

Oral Hearing. According to the new House bill, either party will be able to request an oral hearing before the Administrative Judge. 35 U.S.C. § 314. is being amended to add the following new sub-section (d):

(d) Oral Hearing.—At the request of a third party requestor or the patent owner, the administrative patent judge shall conduct an oral hearing, unless the judge finds cause lacking for such hearing.

Post-grant Review. The House bill also introduces a new post-grant review proceeding for matters that “could have been raised” during prosecution of the patent. Notably, this proceeding is not limited to publications like reexamination, can include testimony of witnesses, and may include some amount of discovery by either party. A petition for post-grant review must be filed by a party within 12 months of the patent’s issuance (with exceptions), and the Patent Trial and Appeal Board must make a final determination within one year of the filing of the petition.

2. Senate bill. Senate bill S. 1145 was Reported out of the Senate Judiciary Committee on January 24, 2008 and placed on the legislative calendar. The portion of this bill that is directed to reexaminations and post-grant (opposition) proceedings is provided at Appendix D. In summary, this bill removes *inter partes* reexamination and provides a post-grant review that is similar to the House version, except that the third party requester can petition for a post-grant review either 12 months after grant of the patent or 12 months after receiving notice alleging infringement.

III. REEXAMINATION STATISTICAL ANALYSIS

A. TIMING AND RESULTS FOR *EX PARTE* AND *INTER PARTES* PROCEDURES

The Patent Office provides statistical information for both *ex parte* and *inter partes* reexaminations, reproduced in the Appendices A and B for the period through December 31, 2007. Selected information is summarized as follows:

***Ex Parte* Reexamination (Third Party Requester)**

92%	Percentage of requests for reexamination granted
26%	Percentage of reexaminations with all claims confirmed as valid
10%	Percentage of reexaminations completed with all claims canceled
64%	Percentage of reexaminations completed with claims amended
24 mos.	Average pendency from filing to certificate being issued
4-24 mos.	Recent time delay between filing and first Office action ⁵⁹

***Inter Partes* Reexamination⁶⁰**

96%	Percentage of requests for reexamination granted
8%*	Percentage of reexaminations with all claims confirmed as valid
75%*	Percentage of reexaminations completed with all claims canceled
17%*	Percentage of reexaminations completed with claims amended
28.5 mos.	Average pendency from filing to certificate being issued

* This data may not be statistically meaningful since as of December 31, 2007, only 12 *inter partes* reexaminations have resulted in issuance of a certificate.

⁵⁹ This data point is not directly reported by the Patent Office, but represents a sampling of the length of time to first action for *ex parte* reexaminations filed in the 2006-2007 time frame. In our sample, the shortest periods to first office action occurred in patent classifications related to Metal Deforming, Mechanical Guns, and Ammunition and Explosives, while the longest periods occurred in patent classifications related to Data Processing, Optical Waveguides, and Multicellular Living Organisms.

⁶⁰ Per the statistical information provided by the Patent Office, as of December 31, 2007, a total of 353 *inter partes* reexaminations requests had been filed, with just 12 resulting in issuance of a certificate.

B. LITIGATION VERSUS REEXAMINATION OUTCOMES

Litigation Statistics⁶¹

54%	Percentage of patents where all asserted claims were ruled invalid over prior art patents and publications
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One caveat when comparing the litigation statistics to the reexamination statistics is that the patent owner is allowed to amend the claims in reexamination, but not in litigation.⁶² With this caveat in mind, the above-listed statistics can be summarized as follows:

Chart Comparing *Ex Parte* Reexamination (Third Party Requested) To Litigation

71%	Percentage of patents in <u>reexamination</u> that resulted in a change of claim scope (claims were either amended or canceled)
59%	Percentage of patents in <u>reexamination</u> that resulted in claim amendments being made
12%	Percentage of patents in <u>reexamination</u> that resulted in all claims being cancelled
54%	Percentage of patents in <u>litigation</u> that resulted in all asserted claims ruled invalid over prior art patents and publications

It is noted that the reexamination statistics are directed to all claims, while the litigation statistics are directed only to asserted claims. Patents are likely to include some narrow claims that would not be asserted in litigation, but could survive reexamination. Also, for the patents with claims amended during reexamination, it is not known if the amended claims would still be of concern to the third party requester.

⁶¹ See, <http://www.patstats.org>. The data is for the years 2005-2007. Notably, the 3Q07 and 4Q07 (post-KSR period) saw the percentage of invalidity rulings rise to 70% as compared to 49% for the period 2005-2006.

⁶² Of course whether or not the amended claims have the same potential for infringement as before the reexamination is determined on a case-by-case basis. However, if the claims are amended, intervening rights may be created and additional arguments of prosecution history estoppel may have been created by the amendment.

C. USING REEXAMINATION WITH LITIGATION

Increasingly, reexamination requests are related to pending patent litigation.

	FY 2004	FY 2007	Change '04-'07
<i>Ex Parte</i> Requests with Related Litigation	29%	57%	Up 28%
<i>Inter Partes</i> Requests with Related Litigation	33%	64%	Up 31%

IV. REEXAMINATION COINCIDENT WITH PATENT LITIGATION

A. REEXAMINATION CAN STAY LITIGATION

Courts have discretion to stay litigation pending reexamination.⁶³ In deciding whether to grant a stay pending reexamination, courts typically consider:

- (1) whether a stay will unduly prejudice or present a clear tactical disadvantage to the non-moving party,
- (2) whether a stay will simplify the issues in question and trial of the case, and
- (3) whether discovery is complete and whether a trial date has been set.⁶⁴

Courts weigh these factors differently and go both ways, often dictated by unique circumstances of the particular case.

Stay Not Granted

For example, the Eastern District of Texas Court noted that while reexamination would simplify the case if the PTO finds that all the allegedly infringing claims are cancelled, “this historically happens in only 12% of reexaminations requested by a third party. The unlikelihood of this result, which favors not staying the case, is offset by the

⁶³ “Courts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination.” *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). *See also*, 35 U.S.C. § 318 (2006); once an order for *inter partes* reexamination has been issued, “the patent owner may obtain a stay of any pending litigation which involves an issue of patentability of any claims of the patent[.]”

⁶⁴ *See, e.g., Xerox Corp. v. 3Com Corp.*, 69 F. Supp. 2d 404, 406 (W.D.N.Y. 1999); *Motson v. Franklin Covey Co.*, 2005 U.S. Dist. LEXIS 34067 (D.N.J. 2005); *Target Therapeutics, Inc. v. Scimed Life Systems, Inc.*, 1995 WL 20470 (N.D. Cal. 1995); *GPAC, Inc. v. DWW Enterprises, Inc.*, 144 F.R.D. 60, 66 (D.N.J. 1992); *United Sweetener USA, Inc. v. Nutrasweet Co.*, 766 F. Supp. 212, 217 (D.Del. 1991).

possibility that some of the claims may change during reexamination, which favors staying the case.”⁶⁵ However, the Court also noted that the possibility of claims changing in reexamination should not routinely warrant a stay, and to grant a stay on this basis “would invite parties to unilaterally derail timely patent case resolution by seeking reexamination.”⁶⁶ In the given circumstances, the Court did not find the possibility of issue simplification sufficiently persuasive to weigh in favor of a stay.⁶⁷

In a Northern District of California case, a stay was denied where the parties had already exchanged 900,000 pages of documents, including claim construction and contentions on infringement and invalidity. The Court noted that the request for reexamination could have been filed earlier in the litigation and that only four months remained until the conclusion of all fact discovery. Under these circumstances, the Court concluded that the defendant “should not succeed in obtaining a tactical advantage over [Plaintiff] by continuing to delay these proceedings.”⁶⁸

Another case in the Eastern District of Texas denied a stay because, among other things, a stay pending reexamination would unduly prejudice the plaintiff. “Due to the inherent delay in reexamination proceedings, the opportunities for numerous appeals, and the apparent conflict between the parties, it appears likely that if a stay were granted, it could take more than four to five years before this case would be back before this Court.”⁶⁹

Stay Granted

Frequently, district courts have recognized that “[t]here is a liberal policy in favor of granting motions to stay proceedings pending the outcome of USPTO reexamination or reissuance proceedings.”⁷⁰

In a recent Northern District of California decision, the defendants motion to stay was granted where litigation was still in its “nascent stages” with no written discovery or depositions taken. The court additionally reasoned, “[w]aiting for the outcome of the reexamination could eliminate the need for trial if the claims are cancelled or, if the

⁶⁵ *Soverain Software LLC v. Amazon.com*, 356 F. Supp.2d 660, 662 (E.D. Tex. 2005).

⁶⁶ *Id.*

⁶⁷ *Id.*

⁶⁸ *Fujitsu Ltd. v. Nanya Technology Corp.*, 2007 WL 3314623 (N.D. Cal. 2007).

⁶⁹ *MicroUnity Systems Engineering, Inc. v. Dell, Inc. and Intel Corp.*, No. Civ. 2:04-CV-00120-TWJ (E.D. Tex. Aug. 15, 2005).

⁷⁰ *Sorensen v. Digital Networks North America Inc.*, 2008 WL 152179 (N.D. Cal. 2008) (quoting *ASCII Corp. v. STD Entertainment*, 844 F.Supp. 1378,1381 (N.D. Cal. 1994). See e.g., *Alltech, Inc. v. Agra-Partners, Ltd.*, 2007 WL 3120085 (W.D. Ky. 2007); *Donnelly Corp. v. Guardian Industries Corp.*, 2007 WL 3104794 (E.D. Mich. 2007); and *Cima Labs, Inc. v. Actavis Group HF*, 2007 WL 1672229 (D. N.J. 2007).

claims survive, facilitate the trial by providing the Court with the opinion of the PTO and clarifying the scope of the claims.”⁷¹

In an Eastern District of Texas case, the Court granted a stay even though “cognizant that a stay may cause considerable delay in a case set for trial in 2007 and sensitive to Plaintiff’s right to have its day in court.”⁷² An apparently important fact for the Court was that the defendants requested an *inter partes* (versus *ex parte*) reexamination. “[T]his will have a dramatic effect on future litigation.”⁷³ Furthermore, prejudice to the Plaintiff would be offset because “if, after reexamination, Plaintiff’s patents are again upheld, Plaintiff’s rights will only be strengthened, as the challenger’s burden of proof becomes more difficult to sustain.”⁷⁴ Significant weight was also placed on the “benefit of the PTO’s expert analysis of the prior art that allegedly invalidates or limits the claims.”⁷⁵

Cases granting a stay pending reexamination are numerous, and involve a variety of fact scenarios.⁷⁶ In some cases, the stay is requested by joint stipulation, such as the *Antor* and *DataTreasury* cases discussed below. In other cases, the courts fashion parameters on the stay that, for example, require periodic status reports to be filed with the court; or that invite either party to move to re-open for good cause.

The *DataTreasury* and *Antor* Stipulations

A creative approach adopted by courts in the Eastern District of Texas concerns the manner of stay of litigation pending reexamination. For example, in *DataTreasury Corp. v. Wells Fargo & Co., et al.*, No. 2:06-cv-00072 (E.D. Tex. 2007), the following

⁷¹ *Ho Keung Tse v. Apple Inc.*, 2007 WL 2904279 (N.D. Cal. 2007).

⁷² *EchoStar Technologies Corp. v. TiVo, Inc. et al.*, No. Civ. 5:05-CV-81-DF-CMC (E.D. Tex. Jul. 14, 2006).

⁷³ *Id.*

⁷⁴ *Id.*, citing *Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.*, 807 F.2d. 955, 961 (Fed. Cir. 1986).

⁷⁵ *Id.*

⁷⁶ See, e.g., *Motson v. Franklin Covey Co.*, No. Civ. 03-1067 (RBK), 2005 WL 3465664, at *2 (D. N.J. Dec. 16, 2005) (slip. Op. (granting stay “where discovery is complete and summary judgment has been decided”)); *3M Innovative Proprs. Co. v. DuPont Dow Elastomers LLC*, No. 03-3364-MJD/AJB, 2005 WL 2216317, at *3 (D. Minn. Sept. 8, 2005) (slip. Op.) (granting stay where “case is trial ready”); *United Sweetener USA, Inc. v. Nutrasweet Co.*, 766 F.Supp. 212, 217 (D.Del. 1991) (“waiting for the outcome of the PTO reexamination would be the most useful option in that it would simplify the issues and aid in preparation for trial.”); *Middleton, Inc. v. 3M*, 2004 WL 1968669 (S.D. Iowa 2004) (stay granted “after eight years of litigation and with just over two months remaining before trial.”).

stipulation was adopted by the Court, despite the fact that the reexamination was *ex parte*.⁷⁷

As a condition of the stay, Defendant may not argue invalidity at trial based on one or more prior art printed publications that were submitted by the petitioner in the reexamination proceedings. However, Defendant will be permitted to rely for obviousness on the combination of a printed publication reference that was submitted by petitioner in the reexamination with prior art that was not so submitted.

In *Antor Media Corp. v. Metacafe, Inc., et al.*, No. 02:07CV-102 (E.D. Tex. 2007) a different stipulation was proposed:

The parties agree that the stay will be granted only on condition [an individual defendant] agrees not to challenge the '961 Patent based on any prior art printed publications that were considered in the reexamination process.

Note that the *DataTreasury* stipulation only covers art submitted by the petitioner – the accused infringer who requested reexamination. The *Antor* stipulation covers all art that was submitted by either party in the reexamination.

B. REASONS TO REQUEST REEXAMINATION

There are many reasons why it may be advantageous to file an *ex parte* or *inter partes* request for reexamination by an accused infringer (either in a patent litigation, or as an alternative to a declaratory judgment action). Some of these reasons are discussed below.

To invalidate one or more claims of the patent. Reexamination provides the opportunity to invalidate the claims of a patent through a proceeding in which invalidity need only be established by a preponderance of the evidence, and applying the broadest reasonable interpretation of the claims. Successful reexamination may cause complete cancellation of the patent in view of the prior art or result in the claims being amended in such a way that they can no longer be infringed.⁷⁸

Some view reexamination as placing the patent owner at a procedural disadvantage, thereby increasing the likelihood of claims being cancelled. Reexamination is conducted pursuant to a compact prosecution model, a sort of “sudden death overtime” proceeding in which “the patent owner has very limited time to prepare

⁷⁷ By statute, *ex parte* reexaminations do not impose the estoppel provisions that apply for *inter partes* reexamination. 35 U.S.C. **

⁷⁸ Broadly sweeping infringement contentions are often filed in litigation by the patentee, which can be used as admissions in reexamination to establish invalidity of the claims.

responses to any rejections, and normally cannot introduce any new supporting evidence after the 2d Office action.”⁷⁹

To obtain additional prosecution history estoppel. Remarks by the patentee during reexamination may provide valuable prosecution history estoppels that significantly narrow the claim scope assertable under the doctrine of equivalence.

To obtain additional evidence for use during claim construction. Remarks constituting prosecution history estoppel during reexamination, as well as statements made by the examiner during reexamination, may be submitted as evidence for consideration by the judge in a *Markman* proceeding.⁸⁰

To obtain intervening rights. Intervening rights occur when claims have been amended during reissue or reexamination. In summary, intervening rights permit a certain level of infringement to occur without the liability of damages.⁸¹ Intervening rights allow a party who, prior to the grant of the reexamination, made or sold anything covered by the patent claims to continue the use or sale unless doing so infringes a valid claim of the reexamined patent that was also in the original patent.⁸² Also, equitable intervening rights may exist that could allow a party who, prior to the reexamination, made substantial preparations for manufacture, use, or sale of a thing covered by the patent to continue to do so, as long as it does not infringe a valid claim of the reexamined patent which was in the original patent.

One recent study estimates that in *inter partes* reexamination, all requested claims are rejected in 74% of the cases.⁸³ To the extent these rejections stand and result in claim amendments or cancellations, requesters are likely to have gained intervening rights at least 74% of the time.⁸⁴

To put a “cloud” on the validity of a patent. In litigation, a patent has the presumption of validity.⁸⁵ While a pending reexamination does not remove the presumption of validity, it may be influential on the trier of fact to know that the Patent

⁷⁹ *Reexamination vs. Litigation—Making Intelligent Decisions in Challenging Patent Validity*, Paul Morgan and Bruce Stoner, 86 J. Pat. & Trademark Off. Soc’y 441 (2004).

⁸⁰ *But see, Arlington Indus., Inc. v. Bridgeport Fittings, Inc.*, 345 F.3d 1318 (Fed. Cir. 2003) in which comments made during deposition and reexamination were not influential on the *Markman* ruling.

⁸¹ 35 U.S.C. §§ 307(b), 316(b) (2006). *See also*, MPEP §§ 2293, 2693.

⁸² *Id.*

⁸³ *What’s Really Happening in Inter Partes Reexamination*, Joseph D. Cohen, 87 J. Pat. & Trademark Off. Soc’y 207 (2005).

⁸⁴ *Id.*

⁸⁵ 35 U.S.C. § 282 (2006).

Office considers that a “substantial new question of patentability” indeed exists. The patent owner may ultimately seek to keep this fact from a jury by a motion in limine.

To stay the litigation. As discussed above, reexamination can stay litigation. For an accused infringer, it may be advantageous to stay the litigation for various reasons, including promoting settlement or providing time to implement design alternatives.

The Patent Office may better appreciate the prior art. For some patents, the technology involved may be difficult to understand by a judge and jury. If an invalidity argument is strong, but the technology is relatively difficult to understand or appreciate, it may be more desirable to have the validity issues resolved by an examiner who is already considered to be technically competent.⁸⁶

To overturn litigation results. Reexamination, in effect, provides the defendant requester two chances to invalidate a patent (not including appeals).⁸⁷ If a court sustains the validity of a patent over the prior art, it is still possible that in reexamination the PTO may find the patent invalid over the same or different art.⁸⁸ Note, however, as discussed above, section 317(b) states that if a final decision is entered in litigation that the party did not sustain its burden of proving invalidity, an *inter partes* reexamination may not thereafter be brought by *that same party*. If the *inter partes* reexamination is already in process, it may not thereafter be maintained by the Office.

Claim construction for reexamination may be broader than in litigation. The MPEP states that the “manner of claim interpretation that is used by courts in litigation is not the manner of claim interpretation that is applicable during prosecution of a pending application before the PTO.” Section 2286.II, citing *In re Zletz*, 893 F.2d 319, 322 (Fed. Cir. 1989). This rule was recently upheld in the case *In re Trans Texas Holding*, No. 2006-1599, -1600 (Fed. Cir. 2007). In the *Trans Texas* case, the Federal Circuit affirmed that a patent examiner, using the broadest reasonable interpretation standard, can utilize a claim construction during reexamination that is different from (i.e., broader than) a claim construction that was used by a Federal Court. Slip op. at 13-15.

⁸⁶ See, <http://www.uspto.gov/web/offices/ac/ahrpa/ohr/jobs/qualifications.htm>. Examiners are required to have either a technical degree or a combination of technical education and work experience in the art.

⁸⁷ See, *Grayzel v. St. Jude Med., Inc.*, 2005 U.S. App. LEXIS 28690 (Fed Cir. Dec. 23, 2005).

⁸⁸ “[T]he existence of a final court decision of claim validity in view of the same or different prior art does not necessarily mean that no new question [of patentability] is present. This is true because of the different standards of proof and claim interpretation employed by the District Courts and the Office.” MPEP § 2286 (II) (citing *In re Zletz*, 893 F.2d 319, 322 (Fed. Cir. 1989)).

Of course, the PTO cannot change a final court determination of invalidity. A final court holding of invalidity (after all appeals) is controlling on the Office.⁸⁹

C. REASONS NOT TO REQUEST REEXAMINATION

There are many reasons militating against the filing of an *ex parte* or *inter partes* request for reexamination by an accused infringer (either in a patent litigation, or as an alternative to a declaratory action). Some of these reasons are discussed below.

Enhanced presumption of validity. Patents are presumed valid, but a strong hypothetical argument can often be made that, had the examiner seen this “new” prior art reference, the patent would not have been allowed. Reexamination effectively removes this hypothetical argument, if the reexamination examiner still allows the claims over the prior art. In this case the imprimatur of the Patent Office will be extremely difficult to overcome.⁹⁰

In April, 2008, Software Tree LLC, filed a patent suit against Oracle Corp. in the Eastern District of Texas, on the same day that the USPTO issued a reexamination certificate for the patent in suit.⁹¹ The *ex parte* reexamination, which was requested by Oracle, resulted in the confirmation of patentability of five claims, the addition of thirty-three new claims, and the amendment of fourteen other claims.⁹² Given the USPTO’s recent determination of patentability, Oracle may face a difficult challenge when and if it seeks to invalidate the patent in the litigation.

One way for a requester to mitigate the affect of a reexamination certificate that favors the patent owner is to attempt a multi-pronged approach in which certain references are asserted in reexamination and others are reserved for the litigation. If only *ex parte* reexaminations are being requested, then it may be desirable to limit the requests for reexamination to specific pieces of prior art, and hold other prior art for trial. This approach is not permissible where *inter partes* reexamination is involved.⁹³

Estoppel. For *inter partes* reexamination, as discussed above, the requester is “estopped from asserting at a later time, in any civil action . . . the invalidity of any claim finally determined to be valid and patentable on any ground which the third party

⁸⁹ “A final holding of claim invalidity or unenforceability (after all appeals), however, is controlling on the Office.” MPEP § 2286(II) (citing *Ethicon v. Quigg*, 849 F.2d 1422 (Fed Cir. 1988)).

⁹⁰ See, *Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.* 807 F.2d 955, 961 (Fed. Cir. 1986) (holding that upon reissue, the burden of proving invalidity “is made heavier.”)

⁹¹ Complaint filed by Software Tree LLC on April 4, 2008, 6:08-cv-00126-LED.

⁹² See, U.S. Pat. Ser. No. 90/007,616.

⁹³ 37 C.F.R. § 1.907 (2004).

requester raised or could have raised during the *inter partes* reexamination proceedings.”⁹⁴

Invalidity defenses asserted in litigation *before a final determination* of validity in reexamination should not be estopped and are maintained concurrently with, and prior to, the final closure of the *inter partes* reexamination process.⁹⁵

It should also be apparent that printed publications asserted in the reexamination do not estop reliance on public knowledge, public use, or on-sale bar evidence concerning the same technology in litigation. This type of evidence to support an allegation of invalidity is still available in a later-filed civil action.

One inter partes request only. The requester can only file one request for *inter partes* reexamination. Unless the requester can show that a prior art reference was unavailable prior to the filing of the prior request, a third party requester can only file one request for *inter partes* reexamination.⁹⁶ This may mean that all prior art searching and analysis must be completed before filing the request. Also, although a later filed reexamination (either *inter partes* or *ex parte*) can be combined with an earlier filed request for *ex parte* reexamination, the same is not true for an earlier filed request for *inter partes* reexamination by the same third party requester.⁹⁷

One way to counter this result is to diligently perform searches and analysis before the filing of the request. Since multiple *ex parte* reexaminations can be filed by the same third party, it may be desirable to request an *ex parte* reexamination at first, and when the searching and analysis are completed, to then file an *inter partes* reexamination presenting different arguments. The initially filed *ex parte* reexamination(s) can be used to support various trial aspects, such as a motion to stay the litigation. The later-filed *inter partes* reexamination can then be used to allow the requester to become more involved in the reexamination process.⁹⁸

Claim amendments. The patent owner may potentially add limitations to the claims by amendment that enhance the claim validity yet still read on the accused infringer. In reexamination, the patent owner can amend the claims to make them more

⁹⁴ 35 U.S.C. § 315 (2006).

⁹⁵ Caution is warranted in that a final determination of the reexamination process can sometimes occur relatively quickly. For example, the decision to deny a request for reexamination is “final” (subject, of course, to petition). See MPEP § 2640.

⁹⁶ 37 C.F.R. § 1.907 (2004).

⁹⁷ *Id.* Note that unlike an *ex parte* reexamination, in an *inter partes* reexamination the requester must identify the real party in interest. 35 U.S.C. § 311(b)(1) (2006).

⁹⁸ MPEP § 2686.01. Note that when multiple reexaminations are merged by the Patent Office, the examiner can combine the separately submitted references for a single rejection. *See, In re Bass*, 314 F.3d 575 (Fed. Cir. 2002).

narrow, thereby potentially making the claims patentable over the prior art.⁹⁹ In this case it may be possible for the patent owner to add limitations that still result in the claims covering the accused device. This provides an opportunity for the patent owner that it would not normally have in litigation.¹⁰⁰

It is a general rule that by narrowing its scope by amendment, a claim cannot be interpreted to cover something that it did not previously cover.¹⁰¹ In other words, if a party did not infringe before the amendment, it will not infringe after the amendment. Therefore the requester's arguments for noninfringement in the litigation cannot get worse, but they may improve.

If the amended claims are later found to be valid and infringed, the accused infringer may have intervening rights to use existing products without payment of any type of monetary damage.¹⁰²

Perception that examiners are inclined to allow claims. Although this perception cannot be quantified, it is prevalent and therefore should be addressed. The statistics provided above show that while it is rare that reexamination results in full cancellation of all claims, in the majority of cases the claims are initially rejected and then amended. (64% of *ex parte* reexaminations result in claim amendments; 10% result in all claims being canceled. See Appendix A.) It is noted that the increased involvement of the third party requester in *inter partes* reexamination is likely to improve these statistics once meaningful data for *inter partes* reexaminations becomes available.

No time constraints on actions after order for inter partes reexamination. *Inter partes* reexamination moves quickly at first. A decision on the reexamination order and a first Office action usually occur within three months. Thereafter, there are no time constraints on the examiner. As of December 31, 2007, a total of 353 *inter partes* reexaminations had been filed with just 12 having proceeded to certification. A goal of the Central Reexamination Unit is to handle the backlog and ensure timely management of proceedings in the future.

⁹⁹ “[T]he patent owner shall be permitted to propose any amendment to the patent and a new claim or claims, except that no proposed amended or new claim enlarging the scope of the claims of the patent shall be permitted.” 35 U.S.C. §§ 305, 314(a) (2006).

¹⁰⁰ Although the patent owner can request reissue or reexamination of their own patent, it is likely that any litigation will be stayed or dismissed in response to such an action. That may not be the case if the third party is the one to request reexamination.

¹⁰¹ 35 U.S.C. §§ 305, 314(a) (2006).

¹⁰² *See, Honeywell Int'l v. Hamilton Sundstrand Corp.*, 370 F.3d 1131, 1140 (Fed. Cir. 2004).

V. REEXAMINATION STRATEGIES

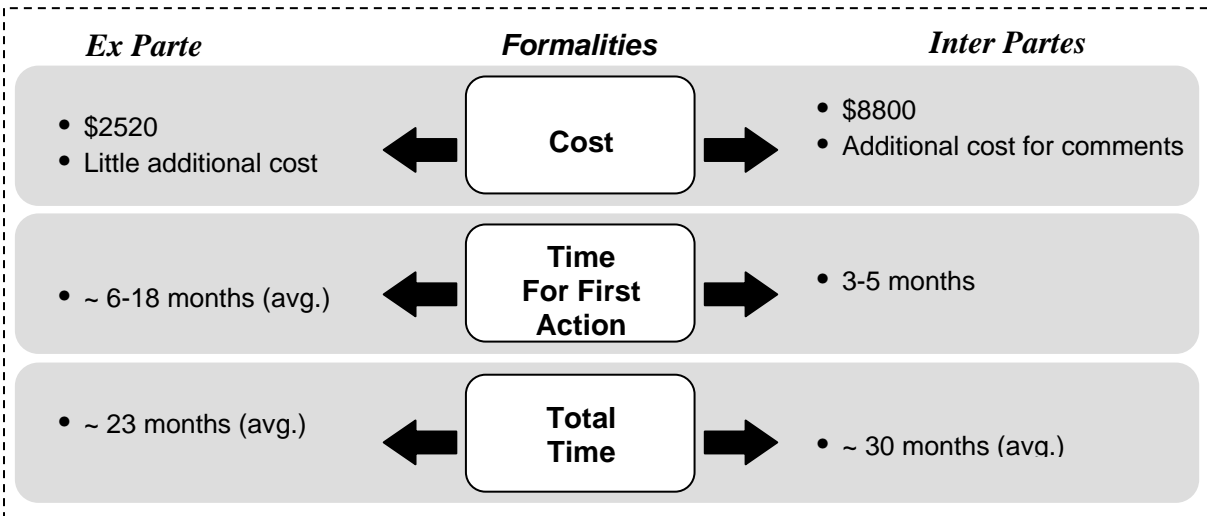
Reexamination in the context of patent litigation involves several key, primary considerations. First of all, a choice must be made between *ex parte* and *inter partes* reexamination. Next, a decision must be made as to when to file the request(s). Also, the request must be properly written to achieve the maximum probability of obtaining the desired results.

A. CHOOSING BETWEEN *EX PARTE* AND *INTER PARTES* REEXAMINATION

As discussed above, there are many procedural differences between *ex parte* and *inter partes* reexamination that may effectively dictate which type of reexamination should or must be used. If the patent at issue was filed after November 29, 1999, *inter partes* reexamination an available choice. The chart below provides a summary of some of the major differences between the formalities of *ex parte* and *inter partes* reexamination, with further discussion below.

Ex parte reexamination is often a preferred mechanism due to the price. The filing fee for *inter partes* reexamination is \$8800, as compared \$2520 for *ex parte* reexamination.¹⁰³ Furthermore, *inter partes* reexamination requires continued involvement, which further increases the overall cost.

Comparison of Reexamination Procedures

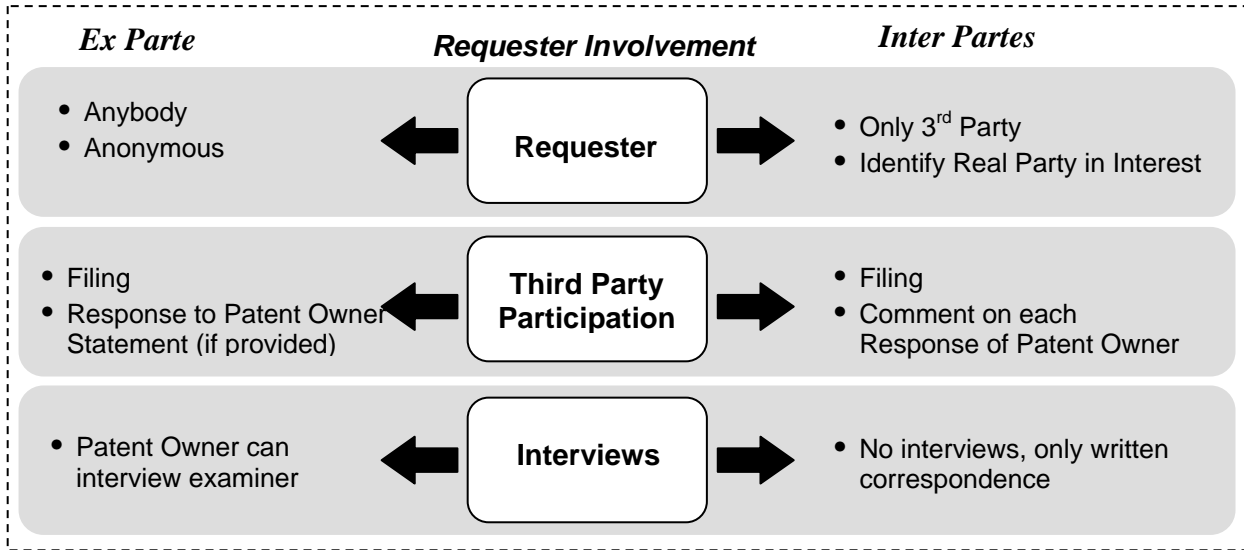


Filing an *inter partes* reexamination request is often desirable because the Office action is produced at the 90 day mark—the same time period when the grant or denial is due. In *ex parte* reexamination, the grant or denial is typically a 1-3 page document that states whether a substantially new question of patentability exists, but it does not go into a detailed examination of each and every claim. To the contrary, if the *inter partes*

¹⁰³ 37 C.F.R. §§ 1.20(c)(1)-(2) (2004).

reexamination Office action results in one or more claims being allowed, the patent owner may decide to drop claims in the lawsuit, but for those allowed claims. Of course the requester has the opportunity to provide further remarks (but not additional prior art) to rebut the allowance of the claims, but the damage may already be done.

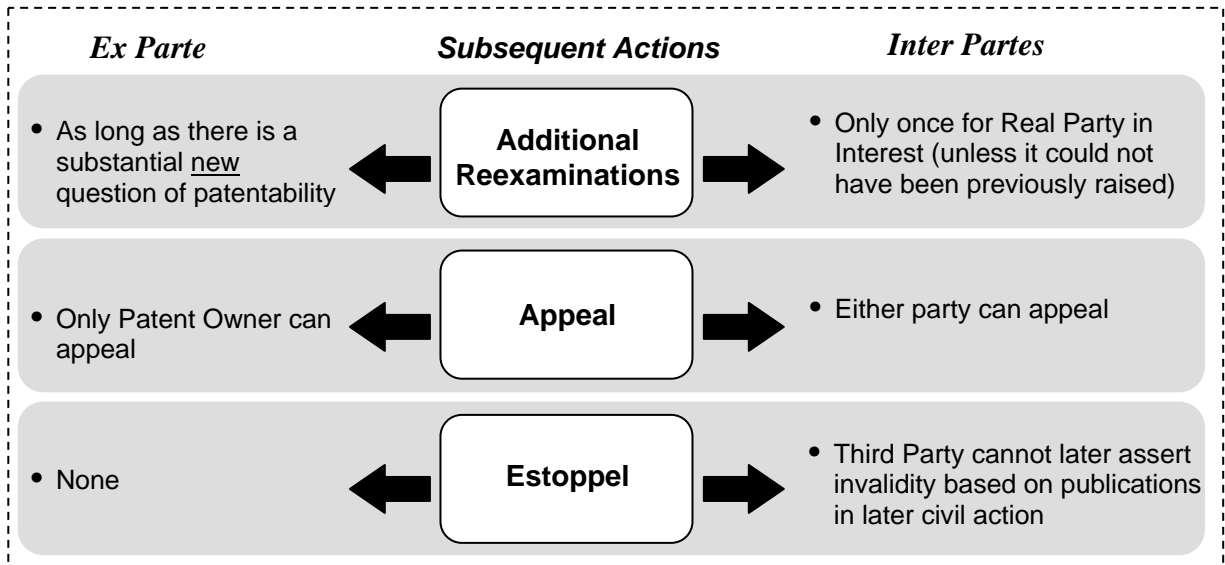
In addition to the formalities of costs and timing, there are additional reasons to choose between *ex parte* and *inter partes* reexamination. The chart below provides a summary of some of the major differences between the requester involvement during *ex parte* and *inter partes* reexamination, with further discussion below.



Inter partes reexamination is often a preferred mechanism due to the involvement of the third party requester throughout the reexamination and throughout appeal. This comes with a price, however, with the filing fee for *inter partes* reexamination being \$8800, as compared \$2520 for *ex parte* reexamination.¹⁰⁴ It should be noted that all prior art searching and analysis needs to be effectively completed at the time of filing the request. *Inter partes* reexamination is essentially a one-shot opportunity.

The availability of subsequent actions, including appeals of the reexamination, is another important distinction between *ex parte* and *inter partes* reexamination. The chart below provides a summary of some of the major differences between subsequent actions available after *ex parte* and *inter partes* reexamination, with further discussion below.

¹⁰⁴ 37 C.F.R. §§ 1.20(c)(1)-(2) (2004).



If searching and/or prior art analysis has not been completed, then filing one or more requests for *ex parte* reexamination may be a good first step. An early request for reexamination may, in some instances, be sufficient to support the stay of the litigation if this is desired.

Also, the filing of an *ex parte* reexamination can be targeted to a particular issue. For example, if inequitable conduct is being asserted, filing an *ex parte* reexamination request directed to the particular prior art reference(s) that were known by the patentee, but that were not before the Patent Office, can be used to bolster the inequitable conduct allegation. Specifically, if the prior art creates a “substantially new question of patentability” such that the reexamination is granted, then it can more easily be concluded in the litigation that the prior art was indeed material.

As mentioned above, multiple *ex parte* reexaminations can be filed, with the only thing stopping the requester being that no more substantial new questions of patentability exist, or if the requester files an *inter partes* reexamination request.¹⁰⁵ Therefore, it is often desirable to start filing *ex parte* reexamination requests early and often, and then finish with the filing of an *inter partes* reexamination request.

It may also be beneficial to file an *inter partes* request for reexamination on a related but unasserted patent. Consider the situation where there are two related patents – one filed before November 29, 1999, one filed after – and only the earlier filed patent is being asserted by the patent owner. The accused infringer can only file a request for *ex*

¹⁰⁵ In 2004, the Patent Office put into operation a new policy whereby the same prior art may be used to start a second *ex parte* reexamination during the pendency of the first reexamination “only if the prior art cited raises a substantial new question of patentability which is different than that raised in the pending reexamination proceeding.” MPEP § 2240.

parte reexamination on the asserted patent due to its filing date.¹⁰⁶ However, filing a request for *inter partes* reexamination on the latter patent as well may benefit the *ex parte* reexamination. For one, there is a strong possibility that the same examiner will reexamine both patents, so that the third party can make comments that potentially apply to both reexaminations. Even if separate examiners are being used, the third party comments may still be helpful for the examiner in the other reexaminations.¹⁰⁷

B. WHEN TO FILE

In the litigation context, requests for reexamination may be filed before the filing date of the lawsuit, at the beginning of the lawsuit, near the end of the lawsuit, after the lawsuit, or at multiple, staggered times throughout the litigation.

Before the lawsuit. This choice is often not available because the accused infringer may not know litigation is imminent. If a threat of infringement is enough to create a case or controversy, the filing of a request for reexamination may be considered in conjunction with the potential filing of a declaratory judgment action. In some cases, filing the reexamination may be sufficient without initiating litigation. Also, filing the request before any litigation provides a strong argument for the court to grant a stay if litigation is subsequently filed.

At the beginning of the lawsuit. This choice is often valuable in an attempt to maximize the possibility that a court will grant a stay of litigation. Also, filing early may bring about an early resolution of the dispute, or minimize the chance of injunction. However, filing a request for reexamination early means that a first Office action, or even a final resolution of the reexamination, could occur before trial. If the patent owner obtains a reexamination certificate (with claims in either original or amended form), the requester's arguments for invalidity at trial may be substantially weakened or unavailable.

Near the end of the lawsuit. In some circumstances, filing a request for reexamination near the end of litigation may be desirable. For example, the request(s) can be supported by admissions of the patent owner developed during the litigation, such as may be contained in infringement contentions, proposed claim constructions, and so forth. Patent owner admissions can, by themselves, create a substantial new question of patentability.¹⁰⁸ Also, the mere grant of a reexamination may be influential to the trier of fact. Furthermore, a pending reexamination may be influential in any post-trial actions, including arguing against a potential injunction. Finally, all prior art searching and

¹⁰⁶ 37 C.F.R. § 1.913 (2004).

¹⁰⁷ The Central Reexamination Unit should facilitate communications between examiners, especially those examining related patents.

¹⁰⁸ 37 C.F.R. § 1.104(c)(3) (2004).

analysis has probably been completed, so that an *inter partes* reexamination (if permitted) can be relatively straightforward to prepare.

After the lawsuit. Although this may not be a common time frame to file a request for reexamination, it may be beneficial depending on the prior art identified and any agreements resulting from trial. If an ongoing royalty payment is required for as long as the patent is active, a reexamination may serve to reduce these payments.

Multiple reexaminations. Filing multiple reexaminations on the same patent is only possible for *ex parte* reexaminations (however, the last reexamination can be *inter partes*), provided such is not found to be harassment of the patent owner. Each reexamination request requires its own substantial new question of patentability. Multiple reexaminations on the same patent are typically merged, at the discretion of the Office.¹⁰⁹

C. HOW TO MAKE REEXAMINATION FILINGS EXAMINER-FRIENDLY

A variety of ways are suggested below to facilitate a smooth procession of the request through the various stages of examination. The request should be designed to require minimal effort on behalf of the Patent Office to verify that the request is sufficient and to grasp all of the arguments being made. The presentation should enable the examiner to readily adopt the points being advanced in the request, which also should reduce the risk of the examiner misinterpreting statements and creating a record potentially detrimental to any on-going litigation. In sum, the following drafting points seek to make the reexamination request more examiner-friendly.

Explicitly step through each statutory and rule requirement at the beginning of the request. 37 C.F.R. § 1.915 lists all of the content requirements needed for an *inter partes* reexamination request. Similarly, 37 C.F.R. § 1.510 lists all of the content requirements needed for an *ex parte* reexamination request. When a request is filed, the PTO checks the request against the appropriate rule to verify that the content requirements have been met. If so, the request will be given a filing date and provided to the appropriate examiner to determine if the request should be granted. If the content requirements are not met, a NOTICE OF FAILURE TO COMPLY WITH [EX PARTE / INTER PARTES] REEXAMINATION REQUEST FILING REQUIREMENTS will be sent, stating that the filing date has not been granted and that replacement documents or statements are required.

A recommendation for making a more examiner-friendly request is to clearly label all the sections of the appropriate CFR rule and state how the request satisfies the content requirements listed in the section. All of this should be done near the beginning of the request. The request can further state that a more detailed analysis of certain items is provided later in the request. By listing all of the content requirements clearly and at

¹⁰⁹ See, MPEP § 2686.01.

the beginning of the request, the request is more likely to obtain a filing date and more likely to proceed quickly towards examination.

Reduce the number of references to a reasonable number. For *ex parte* reexamination requests, one strategy is to provide multiple requests with a focused group of related references. For example, the references can be related to a common claim interpretation or embodiment from the patent being reexamined. The focused group of related references can make the request easier for the examiner to read and understand. Also, by having multiple requests, the examiner(s) can apply more time resources for examining the same patent (at the cost of multiple filing fees by the requester, however). There is, however, a strong likelihood that the reexaminations will be merged. Note that a requester cannot file multiple *inter partes* reexaminations, as discussed above. However, reducing and/or consolidating references are still recommended to make the request less confusing and easier to fully comprehend.

Identify pending applications and reexaminations for related patents. 37 C.F.R. § 1.565 instructs the Patent Office to merge co-pending proceedings for the *same patent* if certain time requirements are met. However, there are often instances when co-pending reexamination proceedings for *related patents* exist. In these situations, it is desirable to inform the examiner of the related reexamination so that consistent rulings can be obtained. Also, under the coordination of the Central Reexamination Unit, a supervisor at the Patent Office will distribute the reexamination requests to the appropriate examiner in an art unit, and the supervisor can consider who is working on any related examinations when distributing the request. This can result in more consistent as well as more quickly issued actions from the Office.

Identify Court filings and rulings that the examiner can consider. The Patent Office does a litigation search upon receipt of a reexamination request. However, a litigation search may not provide the exact information (or may provide too much information) for the examiner to effectively consider during the reexamination. By identifying and referencing specific filings and rulings, you increase the chance that the examiner will review and consider these items. Often, filings by the patent owner can be used by the third party requester (as admissions) to bolster a broad claim construction and increase the likelihood of a finding of invalidity.

Provide a technology summary. In hyper-technical cases a technology summary or overview may be helpful to the examiner in understanding the patent under reexamination. It is often helpful to provide annotated figures from various references, and descriptions of the state of the art around the filing date of the patent to be reexamined. Furthermore, a technology summary can be persuasively written to focus the examiner's attention on an alleged point of novelty, and then show how the prior art does indeed anticipate and/or make obvious this point of novelty.

Identify new issues with old references. If a substantial new question of patentability is based, even in part, upon a reference that was previously considered by the examiner in the initial examination, clearly articulate the new issue or the specific subject matter of the reference that was not previously considered or appreciated by the

first examiner. To facilitate USPTO review and speed the decision to grant the request, this explanation should be included in a separate, clearly identified, section.

Make the request in the form of an Office action. 37 C.F.R. § 1.510 and 1.915 require a “statement pointing out each substantial new question of patentability based on the cited patents & printed publications, and a detailed explanation of the pertinency and manner of applying the patent & printed publications to every claim for which reexamination is requested.” This requirement can be met by providing arguments in the form of an Office action. For example, the request can argue:

Claims 1-3 are obvious over reference A in view of reference B. Reference A teaches x, y, and z, as shown at pg. 12. Reference B further shows w at pg. 2. Motivation to combine references A and B exist because ...

Furthermore, by having the request in the form of an Office action, you are assisting the examiner, if he or she so chooses, to adopt your arguments as closely as possible. This can be beneficial in reducing the possibility of statements misinterpreting your positions.

Copy and annotate figures from the prior art publication into the request. Rely on quotations from the prior art reference as much as possible. As much as possible, the requester should utilize pictures and quotations from the prior art publication(s) so that there will be no question as to any potential misinterpretation or mischaracterization of terms. This can be important if the patent is in litigation, because the patent owner may try to use the requester’s comparisons with the claim language against the requester. Often complex pictures, such as circuit diagrams, can benefit from annotations such as arrows and added text. The requester should be clear as to when and how annotations are being provided.

Provide detailed claim charts for each reference. 35 U.S.C. § 301 requires that the requester explain “the pertinency and manner of applying such prior art to at least one claim of the patent[.]” The requester should not assume that only a limited analysis needs to be furnished to the examiner for appreciation of the pertinency of the reference(s). The claim charts should be provided in addition to the “statement point out each substantial new question of patentability based on prior patents and printed publications.” 37 C.F.R. § 1.510(b)(1) and § 1.915(d). Although the examiner may ultimately furnish significant independent analysis, which may include applying the reference(s) to additional claims or limitations, or crafting un-initiated rejections, the requester should not rely on such action by the examiner.

Provide alternative arguments. It is not unusual to provide alternative arguments of invalidity. For example, a requester can assert that a prior art reference meets all of the claim limitations under 35 U.S.C. § 102, and in the alternative, meets all of the claim limitations under 35 U.S.C. § 103 when combined with a second prior art reference. This is especially important when relying on inherency to satisfy a § 102 rejection. While it can be proper to provide multiple references in an anticipation argument (see MPEP

2131.01), it is advisable to provide an alternative argument that the multiple references render the claim obvious.

Provide strong motivations to combine. It is not unusual for an examiner, upon reading an argument of obviousness under 35 U.S.C. § 103, to reply that the requester has not provided a sufficient motivation to combine or modify the references being asserted. The requester should be attuned to the impropriety of hindsight in the combination of references and the importance of establishing a clear record as to the basis for a motivation to combine references, to aid the examiner. The following well-known four factual inquiries should be addressed in a determination of obviousness:

- the scope and contents of the prior art;
- the differences between the prior art and the claims in issue;
- the level of ordinary skill in the art; and
- evidence of secondary considerations.¹¹⁰

Some of these elements may not yet be factually developed at the time of the request. For example, the requester may not have knowledge of any secondary considerations. For *inter partes* reexamination, the requester can rely on his ability to comment in response to any of the patent owner's remarks or evidence. However, in *ex parte* reexamination, the requester should consider what evidence the patent owner may introduce, and attempt to diffuse the evidence in the request. For example, the requester can point to facts showing that any evidence of commercial success of a product that implements the alleged invention is attributable to some other factors.

Consider including expert declarations. Expert declarations can provide helpful support for many issues arising in reexamination. Common uses include explaining the contents of the prior art, addressing inherency; supporting a publication date of a reference; addressing motivation(s) to combine reference; addressing adequacy of a patent disclosure when breaking the chain of priority based on 35 U.S.C. § 112; and countering any potential assertions of secondary considerations, such as commercial success. *See, e.g.*, MPEP §§ 2205, 2258, 2616, 2617, 2660.

D. ISSUES TO CONSIDER PRIOR TO FILING

Before filing a patent reexamination request, the requester should first give strategic consideration to related litigation, the options available to the USPTO, recent caselaw involving reexaminations, and other factors that may impact the reexamination.

Consider consequences of requesting reexamination of less than all claims: Often a request for reexamination will include only those claims at issue in litigation

¹¹⁰ MPEP § 2141, citing *Graham v. John Deere*, 383 U.S. 1 (1966).

between the requester and the patent owner. If the pleadings are amended later to include additional claims from the same patent, the requester will likely be unable to broaden the scope of the reexamination. When requesting reexamination of less than the entire claim set, the request should be aware that the USPTO has the option to *sua sponte* add claims to the reexamination. This wide discretion was recently confirmed at the Eastern District of Virginia which stated, “while the PTO in its discretion may review claims for which *inter partes* review was not requested, nothing in the statute compels it to do so.”¹¹¹ Although it occurs rarely, given the workload of the examiner, the reexamination of unrequested additional claims may have positive or negative consequences for the requester. If the added claims are ultimately rejected, the value of the patent is further undermined. If, however, the added claims are confirmed, they will enjoy a heightened presumption of validity in any subsequent or concurrent litigation.

Recognize that continuation applications are “original applications”: The American Inventor’s Protection Act of 1999, which created the *inter partes* reexamination procedure, provided that the procedure “shall apply to any patent that issues from an original application filed in the United States on or after [November 29, 1999.]” In *Cooper Technologies Co. v. Dudas*, the Eastern District of Virginia confirmed that the term “original application” means any application that is not a “reissue application” and thus includes both first filed applications and continuing applications.¹¹² Consequently, requesters should evaluate the eligibility of a patent, issued from a continuation application, for *inter partes* reexamination based upon the filing date of the continuation – not the parent application.

Consider filing through EFS: The USPTO’s Electronic Filing System (EFS) is now available for filing reexamination requests. Because of the structure provided by EFS, requesters can avoid delay and reduce the likelihood that a filing date will not be granted by filing electronically.

Avoid litigation-style tactics in reexaminations: Because patent reexaminations are frequently related to litigation, requesters should take care to avoid litigation arguments that are irrelevant to reexamination. For example, the Patent Act provides that prior art must be the sole basis for a request for *inter partes* reexamination. Raising issues of inequitable conduct or flooding the reexamination office with briefing unrelated to the prior art can result in the denial of a filing date.

Monitor the CRU’s treatment of requests based on KSR obviousness standard: Since the Federal Circuit’s decision in *KSR Intl. Co. v. Teleflex, Inc.* in April, 2007, the USPTO’s Central Reexamination Unit (CRU) has received a large volume of requests

¹¹¹ *Sony Computer Entertainment America Inc. v. Dudas*, 2006 WL 1472462 (E.D. Va. 2006).

¹¹² 2007 WL 4233467 (E.D. Va. 2007).

based primarily upon previously cited art that was evaluated under the arguably stricter, pre-*KSR* obviousness analysis. Prior to *KSR* the MPEP instructed, “the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation [“the TSM test”] to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art.”¹¹³ *KSR* rejected this type of “rigid and mandatory formula” and warned that “the TSM test is incompatible with this Court’s precedents” if applied in such a manner.¹¹⁴ On October 10, 2007, the USPTO published *Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in KSR International Co. v. Teleflex Inc.* which now requires, “[w]hen considering obviousness of a combination of known elements, the operative question is thus, ‘whether the improvement is more than the predictable use of prior art elements according to their established functions.’”¹¹⁵ These Guidelines provide examiners with seven additional rationales which may be considered to support a determination of obviousness.¹¹⁶ The PTO is expected to eventually publish specific guidance for reexamination requests based upon *KSR*, but in the meantime, requesters should follow the analytic guidance provided in the October, 2007 Guidelines.

Carefully consider the real parties in interest: The statute governing *inter partes* reexamination, 35 U.S.C. 311, mandates that a request for reexamination include the identity of the real party in interest. 37 CFR 1.915(b)(8) further requires that the real party in interest be identified, “to the extent necessary for a subsequent person filing an *inter partes* reexamination request to determine whether that person is a privy.” Where multiple parties participate in the control of the reexamination request, care must be taken to identify each real party in interest.

¹¹³ See, MPEP § 707.07(f) 8th Ed., Rev. 6 and form paragraph 7.37.04, citing *In re Fine*, 837 F.2d 1071 (Fed. Cir. 1998) and *In re Jones*, 958 F.2d 347 (Fed. Cir. 1992). (Emphasis added).

¹¹⁴ *KSR Int’l. Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1731 (2007).

¹¹⁵ 72 FR 57527

¹¹⁶ *Id.* at 57529.

Actions During Proceedings

A. Admissions. The examiner may rely on admissions of the patent owner that are part of the court record. “In rejecting claims the examiner may rely upon admissions by the applicant, or the patent owner in a reexamination proceeding, as to any matter affecting patentability[.]”¹¹⁷

B. Fact Estoppel. The Intellectual Property and Communications Omnibus Reform Act of 1999 suggests the possibility of fact estoppel arising in *inter partes* reexamination. “Section 4607 estops any party who requests inter partes reexamination from challenging at a later time, in any civil action, any fact determined during the process of the inter partes reexamination[.]”¹¹⁸ Because this is not codified, it may not have any effect.

C. Non-Final Court Holdings. A court’s non-final holding sustaining validity or a non-final holding of invalidity or unenforceability is not binding on the Office. “A non-final holding of claim invalidity ... will not be controlling on the question of whether a substantial new question of patentability is present.”¹¹⁹

Final Holdings

D. Final Decision Sustaining Validity. Under 37 CFR § 1.907(b), an *inter partes* reexamination will not be thereafter maintained upon a “final decision” of a federal court that the party did not sustain its burden of proving invalidity.¹²⁰ However, where the person who filed the request is *not a party* to the litigation, the court decision upholding validity will have no estoppel effect on the requester in reexamination.¹²¹

¹¹⁷ See, 37 CFR § 1.104 (2004); MPEP § 2258(I)(F).

¹¹⁸ See, House Report 106-464, § 4607 (uncodified).

¹¹⁹ See, MPEP § 2686.04(II).

¹²⁰ See, *Decision Vacating Reexamination, In Re Deutsch*, Control Number 95/000,019 (Aug. 20, 2003) (“Pursuant to the final order of the U.S. District Court for the Southern District of Florida holding that the requester (defendant) has not sustained its burden of proving the invalidity of any patent claim in the ‘939 patent, the ‘019 inter partes reexamination is vacated under the provisions of 35 U.S.C. 317(b).”). See also, *In Re Mark R. Tremblay et al.*, Control Numbers 95/000,093 and 95/000,094 (November 17, 2005) denying the patent owner’s request for dismissal following final judgment upholding validity but prior to exhaustion of Federal Circuit appeal; and the corresponding opinion in *Sony Computer Entertainment America, Inc. v. Jon W. Dudas*, 2006 WL 1472462 (E.D.Va. 2006) (Statutory estoppel provisions of 35 U.S.C. § 317(b) that require dismissal of reexamination would operate after completion of the Federal Circuit appeal).

¹²¹ See, 35 U.S.C. § 317(b) (2006); 37 CFR § 1.907(b) (2004); MPEP § 2686.04.

E. Estoppel From Asserting Invalidity. The requester may not assert at a later time in litigation the invalidity of any claim finally determined to be patentable on any ground the third party requester raised or could have raised in inter partes reexamination. Invalidity may be asserted only based upon newly discovered prior art unavailable to the requester and the Office at the time of the reexamination.¹²²

F. Final Court Holding of Invalidity. A final court holding of claim invalidity (after all appeals) is controlling on the Office. Where all claims are affected, the reexamination will be vacated.¹²³

G. Final Reexamination Determination of Invalidity. A determination in reexamination that any claim is invalid will not be controlling in a pending civil court action until all appeals to the Board of Patent Appeals and Interferences and to the Court of Appeals for the Federal Circuit are exhausted.¹²⁴ Once the time for appeal has expired or any appeal proceeding has terminated, the Director will issue and *Inter Partes* Reexamination Certificate cancelling any claim finally determined to be unpatentable, confirming any claim determined to be patentable, and incorporating any new claim determined to be patentable.¹²⁵

Stay or Suspension or Judicial Review

H. Stay or Suspension. As the proceedings unfold, two general principles also apply. First, the district court has the inherent power to control its own docket, including the power to stay proceedings.¹²⁶ Second, the PTO Director may at any time suspend an *inter partes* reexamination proceeding “for good cause.”¹²⁷ Accordingly, discretion exists in both venues to curtail duplicative efforts through suspension or stay of activities, to await an outcome in the other proceeding.

¹²² See, 35 U.S.C. § 315(c) (2006). See also, discussion at II.B., “Res Judicata Effect of Reexamination,” *supra*.

¹²³ See, MPEP § 2684.04(II), citing *Ethicon v. Quigg*, 849 F.2d 1422 (Fed. Cir. 1988).

¹²⁴ 35 U.S.C. §§ 134, 141. Exhaustion of appeals to the Federal Circuit ensures that the patentee had a “full and fair chance” to litigate the validity of the patent and thereafter the patentee would be collaterally estopped from relitigating the validity of the patent. *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 333, 91 S.Ct. 1434, 1445 (1971)

¹²⁵ 35 U.S.C. § 316.

¹²⁶ *Soverain Software LLC v. Amazon.com*, 356 F.Supp.2d 660, 662 (E.D. Tex. 2005); *Landis v. North American Co.*, 299 U.S. 248, 254 (1936).

¹²⁷ 35 U.S.C. § 314(c) (2006).

I. Judicial Review. Additionally, a party may seek judicial review by suing the Office in a separate district court action pursuant to the Administrative Procedure Act (APA),¹²⁸ for an “unlawful agency decision.”

VII. CONCLUSION

While reexamination is not appropriate in every case, under the right circumstances it provides substantial benefits in the assertion or defense of a patent lawsuit as part of the overall litigation strategy.

Attachments: Appendices A-D

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¹²⁸ 5 U.S.C. §§ 701-706.