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**THE USE OF *INTER PARTES* AND *EX PARTE*
REEXAMINATION IN PATENT LITIGATION**

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The Use of *Inter Partes* and *Ex Parte* Reexamination in Patent Litigation¹

I. INTRODUCTION

Without question, corporate America bears substantial cost associated with ever-increasing accusations of patent infringement and defense of patent infringement law suits. Typical defenses to an allegation of patent infringement include noninfringement and invalidity. However, the latter defense suffers from a relatively poor track record—courts and juries are reluctant to second guess the Patent Office to find a patent invalid. In fact, to avoid inconsistent themes at trial, some litigants choose to deemphasize the invalidity portion of their case and focus their energy primarily on noninfringement.

There is another avenue outside of the district court setting by which an alleged infringer can challenge the validity of a patent. Over the last few decades, Congress has enacted legislation that allows the alleged infringer, or any third party, to request a reexamination of a patent through an administrative procedure in the Patent Office. This legislation includes the Patent Act of 1980, in which the *ex parte* reexamination procedure was established, and the American Inventor's Protection Act of 1999, in which the *inter partes* reexamination procedure was established.

Our experience has shown that under the right circumstances, patent reexamination can be used effectively as part of a defendant's litigation strategy. It opens up a new front in the case that can create many new levels of uncertainty for the plaintiff-patentee in terms of time to trial, estoppels and claim construction, intervening rights, and the overall likelihood that the claims in the patent will be found invalid. It also creates a separate opportunity for preservation of rights on appeal.²

But reexamination is not without risk. As for *ex parte* reexamination, it is often regarded as insufficient because after a reexamination is ordered, the third party's participation is limited to one statutory reply prior to the examination process, which may only be filed if the patent owner files a pre-examination

optional statement. The *inter partes* reexamination procedure was intended to address this apparent defect as to third-party requester participation and to provide an inexpensive way, as compared with litigation, for a third party who discovers new prior art to challenge the patent in the Patent Office and then participate in both the examination and appeal stages of the proceeding. But *inter partes* reexamination has not been pursued routinely for fear it will backfire with an affirmation of the patent claims by the Patent Office, creating estoppel in the litigation.³ As a result, neither *ex parte* nor *inter partes* reexamination has been utilized to the degree envisioned when enacted by Congress.

Recently though, an increasing number of litigants are giving serious consideration to use of the reexamination procedure. This is especially true in hyper-technical cases that may not play well to a jury, or in circumstances where invalidity is particularly blatant and based on prior art that was not available during the original prosecution of the patent.

A new look at reexamination as a potentially attractive option is further being fueled by shifts at the Patent Office to improve patent quality (and avoid publicity for poorly examined patents). In the summer of 2005, the Patent Office formed a Central Reexamination Unit for the purpose of improving quality and efficiency of the reexamination process, and there are an enormously high percentage of reexamination requests now being granted.⁴ Although the *inter partes* reexamination procedure is too new to provide meaningful statistics on ultimate outcomes, circumstances suggest that the Patent Office is taking clear steps to make both forms of reexamination an attractive option for challenging patents in today's

¹ January 24, 2006. Authored by David M. O'Dell and David L. McCombs of Haynes and Boone, LLP.

² In 2002, in order to make the optional *inter partes* reexamination procedures a more attractive alternative to litigation, the *inter partes* reexamination practice was expanded to provide third parties the right to appeal to the U.S. Court of Appeals for the Federal Circuit and to participate in the patent owner's appeal to the Court. See, 21st Century Department of Justice Appropriations Authorization Act, Pub. L. 107-273, 116 Stat. 1758, 1899-1906 § 13202 (2002).

³ An estoppel adverse to a third-party requester (which does not exist in *ex parte* reexamination) will attach in the case of an *inter partes* reexamination, if the requester is unsuccessful in the *inter partes* reexamination proceeding. The requester would be estopped from later asserting in any civil action, or in a subsequent *inter partes* reexamination, the invalidity of any claim finally determined to be valid and patentable on any ground the third-party requester raised or could have raised in the *inter partes* reexamination. 35 U.S.C. § 315(c) (2006). Also, the requester would be estopped from later challenging in a civil action any "fact" determined in the *inter partes* reexamination. Optional *Inter Partes* Reexamination Procedure Act of 1999 § 4607 (uncodified).

⁴ See, <http://www.uspto.gov/web/offices/pac/dapp/patentlegaladminmain.html>. Ninety-one percent and ninety-five percent of requests for *ex parte* and *inter partes* reexaminations, respectively, are granted according to recent government statistics. See also, *infra*, Appendix A.

environment. More parties are now testing these waters as part of their defense of patent assertions.⁵

When reexamination is pursued, it is important to go into reexamination with a significant amount of procedural knowledge and in a manner that is a well coordinated part of the litigation strategy. Fundamental questions should be addressed early in the litigation that begin with the threshold inquiry of 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 development of other defenses including inequitable conduct, on-sale bar, prior public use, and how to best maximize such parallel defenses. Additionally, worst case scenarios need to be addressed, including how to reduce the effect of a reexamination not being granted for a particular claim, or the claims being amended to improve their likelihood of being found valid while maintaining their likelihood of being found infringed.

II. THE REEXAMINATION PROCESS

Reexamination is one of four ways by which a patent can be "corrected" or amended.⁶ Reexamination is unique in that it can be requested by anyone, and not just the patent owner.⁷ 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 that were filed after November 29, 1999.⁸

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 "substantially new question of patentability" based on published prior art references.⁹ Multiple requests for *ex parte* reexamination can be filed, as long as each request has a substantial new question of patentability.¹⁰ Issues such as inventorship, inequitable conduct, enablement, written description, and best mode cannot be raised in reexamination.¹¹

Upon filing a request for *ex parte* reexamination, the Patent Office will reply with either a "grant" or "denial" within 90 days.¹² The grant will identify which claims are subject to reexamination, and at least one reference supporting the grant of the reexamination. If the reexamination has been granted, the patent owner optionally may file a response, or "statement", to the grant, that can include the canceling or amending of any claims, or a correction of inventorship.¹³ If and only if the patent owner files a response, the requester may then file a reply to this response.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.¹⁵ 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.¹⁶

⁵ While only 53 *inter partes* reexamination requests were filed in the first five years that the procedure was available, within the last year alone more than 50 new *inter partes* requests have been filed. See, United States Patent And Trademark Office Report To Congress On Inter Partes Reexamination available at http://www.uspto.gov/web/offices/dcom/olia/reports/reexam_report.htm and Appendix B.

⁶ 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. 2004) ("MPEP").

⁷ 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.

⁸ 37 C.F.R. § 1.913 (2004).

⁹ 35 U.S.C. § 303 (2006).

¹⁰ 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.

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 37 C.F.R. § 1.530 (2004).

¹⁴ 35 C.F.R. § 1.535 (2004).

¹⁵ Office Actions should be produced with "special dispatch". 35 U.S.C. § 305 (2006).

¹⁶ See, 37 C.F.R. §§ 1.111, 1.550 (2004), and MPEP § 2266.

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.

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 an *ex parte* reexamination but, as its name implies, allows for participation by the requester throughout the process. Similar to *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.¹⁷ Issues of inventorship, inequitable conduct, enablement, written description, and best mode cannot be raised.¹⁸

In addition to the continued involvement of the third party requester, which will be discussed in greater detail below, there are several other differences between *ex parte* and *inter partes* reexamination. Most significantly, a 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.¹⁹ Also, the requester is estopped from asserting at a later time in litigation the invalidity of any claim finally determined to be valid on any ground raised or that could have been raised during the reexamination proceedings.²⁰

Another difference between *ex parte* and *inter partes* reexamination is that in *inter partes* reexamination, the first Office Action is usually provided at the same time as the grant, at 90 days following the filing of the request.²¹ As compared with

ex parte reexamination, the result is a much faster initial rejection of the claims.²²

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:

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.

It is noted that the third party 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 file appeals to the board of patent appeals and interferences (BPAI) and to the Court of Appeals for the Federal Circuit.²³ 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.²⁴

C. Substantial New Question of Patentability

The primary requirement for obtaining a grant for reexamination is to prove that a "substantial new question of patentability" exists.²⁵ Exactly what constitutes a substantial new question of patentability is determined on a case-by-case basis, but the following guidelines provide some indication:

1. 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. MPEP §§ 2216, 2258.
2. "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." 35 U.S.C. § 303(a) (amended Nov. 2, 2002).

²² In an *ex parte* reexamination, it is not unusual for an Office Action to be provided more than 6-11 months after the grant is issued. See, e.g., the transaction histories of Reexam Ser. Nos. 90/007,300 and 90/007,310, which are publicly available on the Public Patent Application Information Retrieval ("Public PAIR") website at <http://portal.uspto.gov/external/portal/pair>.

²³ 35 U.S.C. § 315.

²⁴ See, e.g., MPEP § 2665.

²⁵ 35 U.S.C. § 304.

¹⁷ 35 U.S.C. § 312 (2006).

¹⁸ 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(I) (2004).

¹⁹ 37 C.F.R. § 1.907 (2004).

²⁰ 35 U.S.C. § 315. Note however, the references can be used at trial for other reasons, such as to support an allegation of inequitable conduct. *Id.*

²¹ See 37 C.F.R. § 1.935 (2004) and MPEP § 2660.

3. A new reference being submitted in a § 103 combination with a prior reference that has previously been before the Patent Office may present a substantial new question of patentability. *In re Hiniker*, 150 F.3d 1362 (Fed. Cir. 1998).

4. 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. MPEP §§ 2217, 2258.

5. Admissions of the patent owner, in conjunction with a prior art patent or printed publication, may be used to determine if a substantial new question of patentability exists. MPEP § 2217.

6. Prior art that serves only to provide evidence of prior public use is not sufficient to warrant reexamination. MPEP § 2217.

7. Mere citation of a prior art reference, without explanation, is not sufficient to warrant reexamination. MPEP § 2217.

D. Reexamination Statistical Analysis

The Patent Office provides statistical information for both *ex parte* and *inter partes* reexaminations, reproduced in the Appendix A for the period through September 30, 2005. Selected information is summarized as follows:

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

91%	Percentage of requests for reexamination granted
29%	Percentage of reexaminations with all claims confirmed as valid
12%	Percentage of reexaminations completed with all claims canceled
59%	Percentage of reexaminations completed with claims amended
22 mos.	Average pendency from filing to certificate being issued
6-11 mos.	Recent average delay between filing and first Office Action ²⁶

²⁶ This data point is not directly reported by the Patent Office, but represents an estimate based upon the length of

***Inter Partes* Reexamination²⁷**

95%	Percentage of requests for reexamination granted
0%	Percentage of reexaminations with all claims confirmed as valid
100%	Percentage of reexaminations completed with all claims canceled
0%	Percentage of reexaminations completed with claims amended
30 mos.	Average pendency from filing to certificate being issued

Litigation Statistics²⁸

38%	Percentage of claims 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.²⁹ With this caveat in mind, the above-listed statistics can be summarized as follows:

time for the last 10 *ex parte* reexaminations recently granted to receive their first Office Action.

²⁷ Per the statistical information provided by the Patent Office, as of September 30, 2005, a total of 104 *inter partes* reexaminations requests had been filed, with just 3 having proceeded to completion.

²⁸ See, <http://www.patstats.org>. The data is for the 5 year period of 2000-2004. This includes the combined results from summary judgments, jury verdicts, and appeals, and therefore there may be duplication of some data where a district court ruling is upheld on appeal, and vice versa.

It is noted that the standards of review of patent validity are different in litigation than for reexamination. In litigation, the standard is clear and convincing evidence, while in reexamination, the standard is merely a preponderance of the evidence. See, MPEP § 2684.04.

²⁹ 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.

Chart Comparing Reexamination To Litigation

71%	Percentage of claims that were either amended or canceled in reexamination
12%	Percentage of claims that were canceled in reexamination
38%	Percentage of claims ruled invalid in litigation over prior art patents and publications

III. REEXAMINATION COINCIDENT WITH PATENT LITIGATION

A. Reexamination Can Stay Litigation

"Courts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination."³⁰ Several courts have used the following four factors to determine if a request to stay litigation should be granted.³¹

1. Whether a stay would 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;
3. Whether discovery is complete and whether a trial date has been set.
4. Whether the request for reexamination was filed relatively early at trial.

B. Reasons to Request Reexamination

There are many reasons why it would 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 action). Some of these reasons are discussed below.

1. 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. 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.³²

2. 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.

3. 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.³³

4. 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.³⁴

5. To put a "cloud" on the validity of a patent. In litigation, a patent has the presumption of validity.³⁵ 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 Office considers that a "substantial new question of patentability" indeed exists. However, this information may ultimately be kept from the jury by a motion in limine.

6. To stay the litigation. As discussed above, reexaminations 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 a design-around.

³⁰ *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). See also, 35 U.S.C. § 318, 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[.]"

³¹ 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).

³² 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.

³³ *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.

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

³⁵ 35 U.S.C. § 282 (2006).

7. The patent examiner 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.³⁶

8. To overturn litigation results. If a court finds that a patent is valid over the prior art, and the Patent Office finds that a patent is invalid over the same or different art, the patent will be deemed invalid.³⁷ Likewise, if a court finds that a patent is invalid over the prior art, and the Patent Office finds that a patent is valid over the same or different art, the patent will also be deemed invalid.³⁸ In effect, the accused infringer has two chances to invalidate the patent (not including appeals).³⁹

9. In some courts, the odds of invalidating a patent are relatively low. District courts exist in which the validity of patents are almost consistently upheld. In these districts, reexamination may be a more likely mechanism with which to invalidate a patent.

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 listed and discussed below.

1. 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

³⁶ 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.

³⁷ "[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)).

³⁸ "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)).

³⁹ See also, *Grayzel v. St. Jude Med., Inc.*, 2005 U.S. App. LEXIS 28690 (Fed Cir. Dec. 23, 2005).

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.

A way to counter this potential result is with 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 may not be permissible where *inter partes* reexamination is involved.⁴⁰

2. For *inter partes* reexamination, the requester is not able to assert invalidity based on patents and printed publications in a later civil action. In *inter partes* reexamination, 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 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."⁴¹

There are at least two ways to counter this result. One way is to file the *inter partes* reexamination *after* asserting invalidity in a civil action. Arguably, this prohibition to assert invalidity at a later time only occurs after the closure of the *inter partes* reexamination process, so that the third party could potentially assert the invalidity of a claim in a civil action any time prior to the closure of the reexamination process.⁴²

The second way to counter this result is to assert publications in the reexamination, and to instead rely upon assertions of public knowledge, public use, or on-sale bar evidence concerning the same technology at the trial. This type of evidence to support an allegation of invalidity is still available in a later-filed civil action.

⁴⁰ 37 C.F.R. § 1.907.

⁴¹ 35 U.S.C. § 315.

⁴² Caution is warranted for this strategy. Judicial interpretation of 35 U.S.C. § 315 may differ from the interpretation being herein proposed. Also, the final determination of the reexamination process can occur relatively quickly. For example, the decision to deny a request for reexamination is a "final holding" (subject, of course, to petition). See MPEP 2640.

3. 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.⁴³ This means 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.⁴⁴

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.⁴⁵

4. 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 narrow, thereby potentially making the claims patentable over the prior art.⁴⁶ 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 they would not normally have in litigation.⁴⁷

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.⁴⁸ 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.⁴⁹

5. There is a perception that patent examiners are more inclined to allow claims than to maintain a rejection. 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. (70% of *ex parte* reexams result in claim amendments; 12% result in all claims being canceled. See section II, D, above.) 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.

IV. 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.

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

⁴³ 37 C.F.R. § 1.907.

⁴⁴ *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).

⁴⁵ 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).

⁴⁶ "[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).

⁴⁷ 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.

⁴⁸ 35 U.S.C. §§ 305, 314(a).

⁴⁹ See also, *Honeywell Int'l v. Hamilton Sundstrand Corp.*, 370 F.3d 1131, 1140 (Fed. Cir. 2004).

filing fee for *inter partes* reexamination being \$8800, as compared \$2520 for *ex parte* reexamination.⁵⁰ 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 one-shot opportunity.

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.

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* reexamination Office Action results in one or more claims being allowed, the patent owner may decide to drop all 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.

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.⁵¹ 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 parte* reexamination on the asserted patent due to its filing date.⁵² 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 influential on the examiner in the other reexaminations.⁵³

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.

1. 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 of 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.

2. 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 often 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.

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

⁵¹ 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.

⁵² 37 C.F.R. § 1.913 (2004).

⁵³ In July of 2005, a Central Reexamination Unit (CRU) was formed at the Patent Office to handle all reexams. See, <http://www.uspto.gov/web/offices/pac/dapp/patentlegaladmi.nmain.html>. This should facilitate communications between examiners, especially those examining related patents.

3. Near the end of the lawsuit. Filing a request for reexamination near the end of litigation has certain advantages. 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.⁵⁴ 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 analysis has probably been completed, so that an *inter partes* reexamination can be relatively straightforward to prepare.

4. 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.

5. Multiple, staggered *ex parte* reexams. If time permits, it may be beneficial to file multiple reexamination requests over an extended period of time. In this way, each new reexamination request can address shortcomings or inadequacies that the Patent Office has ruled upon in a prior request. This allows the requester to be more involved in the entire reexamination process, because each newly filed reexamination serves as a vehicle by which the requester can attempt to address problems in a prior reexamination.

C. What to Include With Your Request(s)

The following drafting points may help to increase the probability of success.

1. 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). Although the examiner may ultimately furnish significant independent analysis, which may include applying the reference(s) to additional claims or limitations, or crafting uninitiated rejections the requester should not rely on such action by the examiner.

2. 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.

3. 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 attune 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.

4. 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.

5. Consider including expert declarations. Expert declarations can provide helpful support for issues arising in reexamination. One common use is to explain the inherent teachings of a prior art reference. This may include test results or results of experimentation.

D. Potential Changes That May Affect the Reexamination Process

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

When Congress enacted the American Inventors Protection Act of 1999, Congress required the Patent Office to submit, within five years of the enactment, a report evaluating whether *inter partes* reexamination proceedings were "inequitable to any of the parties," and if so, "recommendations for changes."⁵⁵ The Patent Office's Report to Congress recommends an enhanced post-grant review process that is more comprehensive than, and different from, reexamination. It would include "closely controlled discovery and cross-examination."⁵⁶

Along these lines, the Committee Print of The Patent Act of 2005 (HR 2795) proposes a new post

⁵⁵ See, United States Patent And Trademark Office Report To Congress On Inter Partes Reexamination available at http://www.uspto.gov/web/offices/dcom/olia/reports/reexam_report.htm at 1, and Appendix B.

⁵⁶ *Id.* at 8.

⁵⁴ 37 C.F.R. § 1.104(c)(3) (2004).

grant review law in the form of an “opposition” procedure that provides a post-grant right to oppose an issued patent within 9 months after the grant.⁵⁷ The issues that may be considered in the opposition include invalidity based on double patenting and any of the requirements for patentability under sections 101, 102, 103, 112, and the fourth paragraph of section 251.⁵⁸ Requests for reexamination filed by a third party during the nine month period shall be treated as a request for opposition, and no reexamination may be ordered based on such request.⁵⁹

No such legislation has yet been enacted.

V. CONCLUSION

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

⁵⁷ See, H.R. 2795, 109th Cong. (2005), Section 9 and Appendix C.

⁵⁸ *Id.*

⁵⁹ *Id.*