

Reexamination Basic Concepts and Strategic Considerations

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Reexamination Overview

- Method of having patent claims reconsidered based on prior art
- Must present a substantial new question of patentability
- Must be based only on patents or printed publications
- Two types
- *Ex parte* - **One party involved in proceeding**
- *Inter partes* - **Adverse Parties involved in proceeding**

Ex Parte and *Inter Partes* Compared

	<i>Ex parte</i>	<i>Inter partes</i>
Who can initiate?	Patentee or 3 rd party	3 rd party only
Can request be anonymous?	Yes	No
3 rd party participation	Ends before first office action	Throughout prosecution & appeal
What Patents?	Filed on or after 7/01/1981	Filed on or after 11/29/1999
Interviews	Permitted	Not permitted
Estoppel?	No	Yes
Estimated time to first office action	3 to 18 months	30 to 90 days (up to 120 days)

Inter Partes Reexamination

- Requestor has right to participate throughout proceeding (including appeals)
- Requestor must be identified as “real party in interest”
- Available only for patents issued on applications filed after Nov. 28, 1999
- Estoppel for the third party requestor
- No interviews with the examiner
- Much lower likelihood that any claim will survive

Inter Partes Reexamination - Estoppel

- Requestor in a prior *inter partes* reexamination is estopped from later asserting in a civil action the invalidity of any claim **finally determined** to be valid and patentable on any ground that the third party requester **raised or could have raised** in the *inter partes* reexamination.
- Doesn't affect offers for sale, prior public uses, prior invention, derivation, inequitable conduct, enablement, written description, definiteness
- No additional *inter partes* requests by same party after the first *inter partes* reexamination is declared
- Exception – Arguments that “could not have been raised” in the earlier reexamination

Why Is Reexamination Important?

- It is an effective tool for the patent owner, if the patent owner is the ex parte reexamination requester
 - To clear original patent claims over newly discovered patents and printed publications
 - Amend claims invalidated by a court to give new life to the patent

Why Is Reexamination Important?

- It is an effective tool for a third party as an alternative or in concert with litigation to seek cancellation or amendment of original patent claims to improve its non-infringement position or to eliminate past damages through intervening rights

Why not file Ex Parte Reexamination

- Responding to Patent Owner is more difficult than in *Inter Partes* Reexam
- Requestor can reply to Owner's Statement, but only if one is filed
- Requestor can file a second Request for Reexam, but must show a different substantial new question of patentability
- No appeal by third party requestor, but no Estoppel
- Reexam may impact claim construction and summary judgment

Requirements for Reexamination

- The USPTO will grant a reexamination request only if “a substantial new question of patentability affecting any claim of the patent concerned is raised by the request.” 35 U.S.C. §303(a)(2002)
- Title 35 does not define what constitutes a Substantial New Question (“SNQ”) of patentability.

Requests for Reexamination

- Requester must allege at least one “substantial new question” (“SNQ”) of patentability considering:
- A substantial likelihood that a reasonable examiner would consider the document important in deciding whether or not the claim is patentable
- A determination of the existence of an SNQ need NOT rise to the level of a prima facie case of unpatentability (a rejection) for reexamination to be ordered

Requests for Reexamination

- “The Request must set forth the pertinence and manner of applying cited prior art to every claim for which reexamination is requested.” 35 U.S.C. 302
- Only claims requested to be reexamined will be reexamined; claims not specifically requested are generally not reexamined

Mistakes to Avoid

- Presentation of a proper substantial new question of patentability ("SNQ") is the most important component of a reexamination request. The Office cannot grant a reexamination request that fails to establish an SNQ.
- One of the most common reasons that reexamination requests are bounced by the Office is the failure to adequately present an SNQ.
- The proposal of one or more rejections of a claim is not sufficient. A statement that the references were not in the prior prosecution of the patent is also not sufficient.
- The request must demonstrate that a patent or printed publication that is relied on for the SNQ presents a new, non-cumulative technological teaching that was not previously considered and discussed on the record during prosecution of the application that resulted in the patent for which reexamination is requested. The request must clearly point out and explain how each asserted SNQ is substantially different from the previous examination of the patent before the Office.

Mistakes to Avoid

- Many patentees fail to recognize that prosecution of a reexamination proceeding has several fundamental differences from the prosecution of an application. One of these differences relates to the patent owners options after a final rejection.
- Currently, in prosecution of an application, an applicant may file one or more requests for continued examination (RCEs) to continue prosecution of the application after final. An equivalent to RCE practice is not provided for by the rules in reexamination proceedings.
- Without the ability to “restart” prosecution in a reexamination, the patent owner has a limited window during which to present evidence of patentability to the Office.
- Failure to present available evidence in support of patentability in response to the First Office Action may foreclose the entry of that evidence later in the proceeding.

Mistakes to Avoid

- After the first Office Action, the Office requires the patent owner to provide sufficient grounds why the evidence sought to be entered could not have been entered earlier. If the patent owner cannot meet this standard, the evidence is precluded from the proceeding.
- The patent owner must be looking forward to what evidence may be required for a potential appeal to the Board of Patent Appeals and Interferences or the Federal Circuit when responding to the first Office Action in a reexamination.

Mistakes to Avoid

- Some argue that the cards are stacked against the Patent Owner in an *Inter Partes* reexamination proceeding.
- The strategic use of declarations under 35 U.S.C. § 1.132 ("1.132 Declarations") in a reexamination can help tip the scales to a more balanced position for a Patentee.
- When responding to an Office Action, a practitioner has two arrows in his/her quiver – declarations and attorney arguments.
- From the perspective of the CRU, an argument supported by well crafted 1.132 declaration, particularly from an expert can be more persuasive than the same argument presented merely by attorney argument.

Possible Advantages

- Standard of Review in Reexamination is Preponderance of the Evidence
- Patent not presumed valid
- No discovery (But this could change)
- *Litigation*
 - Clear and Convincing standard
 - Patent presumed to be valid
 - Discovery permitted

Possible Advantages

- Patent Owner amendments and arguments made during reexamination can narrow claim scope in litigation
- Arguments become part of the intrinsic evidence considered for claim construction by the court
- Narrowing arguments and amendments result in prosecution history Estoppel

Possible Advantages

- Patent owner cannot seek back damages for amended claims that are not substantially identical in scope to the original claims
- Third party may seek to have damages vacated after the fact, since canceled claims are void *ab initio*

Possible Advantages

- Chose Inter Partes if:
 - Want full ability to response to all Patent Owner and Examiner arguments
 - Eliminate possibility of Patent Owner interviews
 - Eliminate one sided Patent Owner declarations
 - Maximize chances of obtaining a stay of litigation

Possible Advantages

- Depending on the conflict underlying a Third-Party requested reexamination, success may take many different forms:
 - Canceled claims
 - Amended claims reset the damage clock (intervening rights)
 - Create uncertainty just by filing, may lower settlement or licensing figures

Possible Advantages

- *Inter partes* reexamination has proven to be a powerful weapon for a patent challenger.
- Great success is manifested by the fact that roughly 70% of all *inter partes* reexaminations are filed on patents *concurrently in litigation*.

Possible Advantages

- Procedure to demonstrate obviousness based upon combination of references is advantageous *vis a vis* attempting same exercise before a jury.

Possible Advantages

- Cost savings over litigation
- Focus on patent/publication prior art validity arguments
- Other validity attacks available for court action (in addition to prior art)
- Expertise of Examiners
- Comfort with Patent Office procedures
- Clean up patents before litigation

Favorable Outcomes – Patent Defendant

- Stay or termination of litigation
- Reversal of prior litigation
- Creation of intervening rights
- Reduction or elimination of royalty payments
- Avoidance or lifting of injunction

Favorable Outcomes – Patent Owner

- Affirm validity of patent
- Eliminate or minimize troublesome prior art
- Rehabilitate patent
- Estoppel (*inter partes*)

Considerations

- For patents in litigation, you are fighting a battle on two fronts
 - Must maintain consistent arguments in both forums
 - It is critical that reexamination counsel understand the importance of working with litigation counsel to maintain consistent arguments
- No RCE or continuation practice
 - Must build the record early – keep an eye toward a possible appeal
- Carefully amend claims
 - Substantial amendments will reset the damage clock

Interplay With Litigation

- Invalidate and/or narrow claims in a competitor's patent
 - May be less expensive than litigation
 - May be quicker than litigation
 - Complex technology
 - Complicated invalidity story
 - No Presumption of Validity for Patent in Reexamination
 - “Preponderance of the evidence” standard in reexamination
 - “Clear and convincing” standard in litigation

Interplay With Litigation

- Establish materiality of prior art as a basis for inequitable conduct
- Cast a shadow over the patent for jury
- To obtain a stay to delay litigation
- To remove a preliminary injunction
- Minimize expenses if contingent fee firm representing competitor

Interplay With Litigation

- Scrub” a patent after discovering new prior art
- Gain additional leverage based on favorable reexamination
- But, reexamination cannot be used to “cure” inequitable conduct
- Patent owner can add claims narrowly tailored to competitor’s product
- If patent survives, it will likely be stronger
- Provides the patent owner the opportunity to clear newly discovered prior art

Interplay With Litigation

- (*Inter partes* only): reexam loser cannot challenge validity in court for prior art publications considered in reexamination
- Can cast a shadow over the patent
- Claims may be narrowed or canceled
- Intervening rights

Interplay With Litigation

- Can influence preliminary relief and decision
- Can be used to secure a stay or elicit admissions
- Secure intervening rights
- Pressure resolution of dispute
- Strengthen patent
- Bolster (or Refute) Inequitable Conduct Charges

Reexaminations as a Complement to Litigation

- Lower thresholds to challenge patentability
- Arguments and amendments can potentially help a non-infringement defense
- Narrowing of claim scope or claim interpretation
- May reduce damages by creating intervening rights

How Can a Reexam Affect a Pending Litigation?

- May change the likelihood of a preliminary injunction being issued/upheld
- May be cause to stay the pending litigation
- May modify settlement discussions since the reexam can not be withdrawn or stopped once filed
 - Requestor may prepare request and present to the opposing side during settlement discussions but before filing

How Can a Reexam Affect a Pending Litigation?

- A pending reexam may not be enough to avoid a PI
 - “the PTO readily grants reexamination requests”
 - “Substantive conclusions... cannot be drawn from the PTO’s mere willingness to perform a reexamination”
- An Office Action in a reexam may sway the PI decision
- A Court could dissolve a preliminary injunction based
- on an office action in a pending reexamination
- Claim(s) surviving reexam may strengthen case for issuance of PI
 - A successful reexam may strengthen the presumption of validity

Filing a Reexamination to Stay a Litigation

- E.D. Texas
 - Historically stays were unlikely
 - Trend seems to be reversing and started granting conditional stays
- N.D. California
 - Historically favorable (over 70%) for granting stay
 - Trend seems to be less likely to grant stay
- D. Delaware
 - Historically granted approximately 40% of stays
 - Trend seems to be less likely to grant stay.
- E.D. Virginia
 - Over 50% likelihood of grant of stay historically
 - likelihood of stay increased

Filing a Reexamination to Stay a Litigation

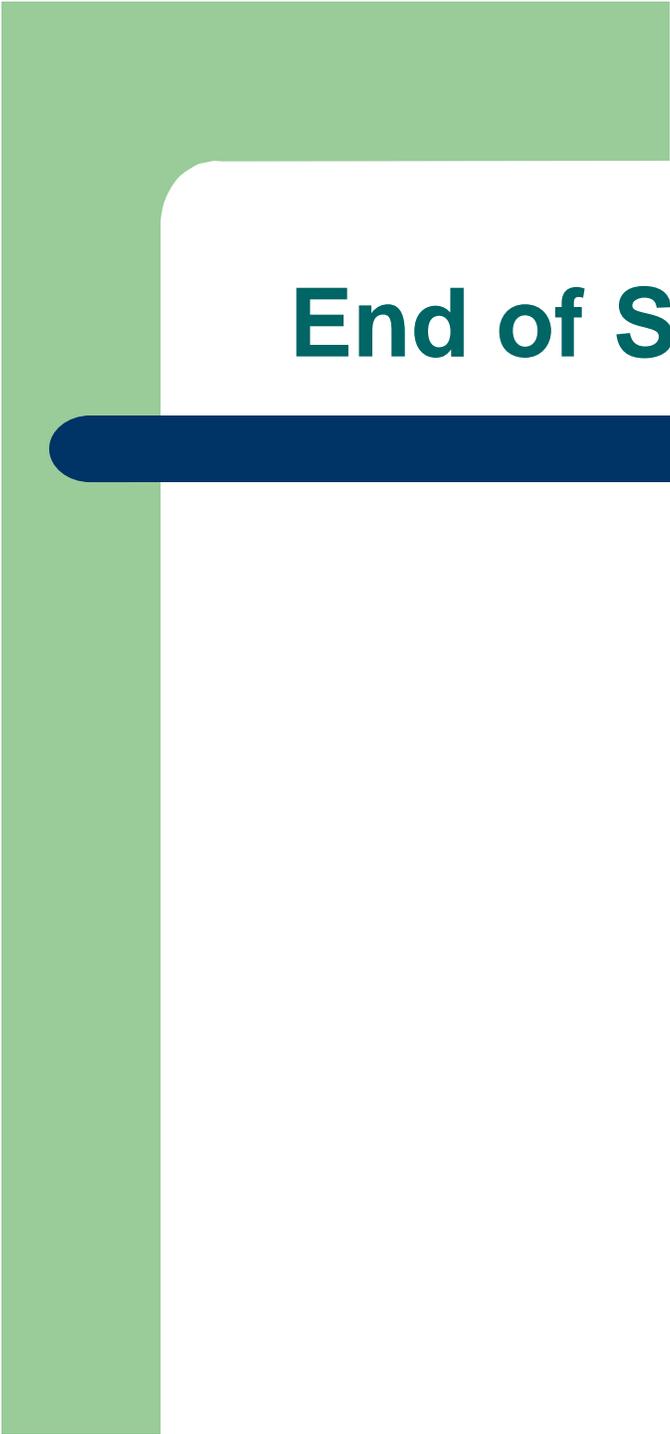
- Stage of the litigation matters
- The earlier in the litigation the stay is requested the more likely it may be granted
- Stage of the reexamination matters
- Inter partes v. ex parte matters in some jurisdictions
- Courts may deny a stay if they think that the party is trying to “game” the situation
- The likelihood of a stay varies greatly by jurisdiction and even by judge

Problems

- The Patent Office has implemented internal changes to centralize the processing of requests for reexamination.
- Many of the delays in the back-end of the examiner-conducted portion of the IPR process are inherent in the challenge of trying to fit a square peg of an inter partes contested matter into the round whole of the conventional ex parte process of patent examination.
- Examiners generally are not well prepared to manage the various complex issues that can arise from a contested matter between competing parties.

Problems

- Coupled with the pressures of continually having to meet the three-month statutory deadline for completing the front-end of the IPR process for newly filed requests, it is easy to understand why the back-end of the IPR process suffers.
- The delays in the back-end of the examiner-conducted portion of the IPR process are compounded by multiple, complex re-entry paths and petitions that provide the parties with a seemingly endless maze of opportunities to string long the IPR process without appeal.



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THANK YOU