
A Live 90-Minute Teleconference/Webinar with Interactive Q&A

Today's panel features:
Gregory Morse, Director, Central Re-Examination Unit, United States Patent and Trademark Office, Washington, D.C.
Greg H. Gardella, Principal, Fish & Richardson, Minneapolis
Gregory V. Novak, Managing Partner, Novak Druce Quigg, Washington, D.C.

Wednesday, October 14, 2009
The conference begins at:
  1 pm Eastern
  12 pm Central
  11 am Mountain
  10 am Pacific

The audio portion of this conference will be accessible by telephone only. Please refer to the dial in instructions emailed to registrants to access the audio portion of the conference.

CLICK ON EACH FILE IN THE LEFT HAND COLUMN TO SEE INDIVIDUAL PRESENTATIONS.

If no column is present: click Bookmarks or Pages on the left side of the window.
If no icons are present: Click View, select Navigational Panels, and chose either Bookmarks or Pages.

If you need assistance or to register for the audio portion, please call Strafford customer service at 800-926-7926 ext. 10
Reexamination at the USPTO

Greg Morse
Director, Central Reexamination Unit

Patent Reexamination Webinar
October 14, 2009
Reexamination Filings

Source: USPTO Annual Reports. Excludes Director-ordered reexaminations. 2009 data is preliminary.
2002 Amendments

• Public Law 107-273 [November 2, 2002, selected sections]

• SEC. 13105. DETERMINATION OF SUBSTANTIAL NEW QUESTION OF PATENTABILITY IN REEXAMINATION PROCEEDINGS.

• (a) In General.--Sections 303(a) and 312(a) of title 35, United States Code, are each amended by adding at the end the following: “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.”
• Public Law 107-273 [November 2, 2002, selected sections]

• SEC. 13106. APPEALS IN INTER PARTES REEXAMINATION PROCEEDINGS.

• (a) Appeals by Third-Party Requester in Proceedings.--Section 315(b) of title 35, United States Code, is amended to read as follows: “(b) Third-Party Requester.--A third-party requester-- (1) may appeal under the provisions of section 134, and may appeal under the provisions of sections 141 through 144, with respect to any final decision favorable to the patentability of any original or proposed amended or new claim of the patent…. “
• *In re Swanson*, 540 F.3d 1368, 1376 (Fed. Cir. 2008)
• Consideration of a question of patentability in district court or at the CAFC does not prevent the same question of patentability from being a substantial new question of patentability before the USPTO in reexamination since different rules and standards apply.
• Following the amendment to 35 USC 303(a), previously considered references may be applied in a new light to form a substantial new question of patentability. This might include (as in the facts of *Swanson*) where the reexamination considers the previously-considered reference for a different teaching or purpose than in the initial examination.
MPEP 2216

• The substantial new question of patentability may be based on art previously considered by the Office if the reference is presented in a new light or a different way that escaped review during earlier examination.

• The clarification of the legal standard for determining obviousness under 35 U.S.C. 103 in [KSR] does not alter the legal standard for determining whether a substantial new question of patentability exists.
Ex parte processing

Source: Reexamination Operational Statistics
Inter partes processing

Source:
Reexamination Operational Statistics

Orders
FAOMs
Certificates

0 100 200 300 400 500 600 700 800
2006 2007 2008 2009
Statistical reports

- *Ex parte* and *inter partes* historical statistics and reexamination operational statistics are available at [www.uspto.gov](http://www.uspto.gov)
Thank You

Greg Morse
Director, Central Reexamination Unit

October 14, 2009

Greg H. Gardella
Fish & Richardson P.C.
gardella@fr.com
(612) 337-2594
Overview

- Why More Reexaminations?
- Reexamination Basics
- As Litigation Strategy – Yes or No?
- Stay of Litigation
- Interplay Among Proceedings
- Examiner-Friendly Reexam Requests
- Legislative Update
Why More Reexaminations?

Even More Filings in 2008

**EX PARTE**

- 2003: 400
- 2005: 500
- 2007: 700

↑ 35% Increase

**INTER PARTES**

- 2003: 20
- 2005: 40
- 2007: 180

↑ 140% Increase

**2008 Granted:** 92%

**Avg. Pendency:** 24.9 mo.

**2008 Granted:** 92%

**Avg. Pendency:** 34.9 mo.

Source: USPTO through Dec. 31, 2008
Why More? Historical Background

- **1980**: *Ex Parte* Reexam established to serve as expedited, low cost alternative to litigation

- **1981-1999**: Only 2150 reexams filed

- **2000**: Still not popular; patentee generally prevails; patents made stronger through reexam:
  - 88% of patents survived *ex parte* reexam in some form
  - Only 54% survived a validity challenge in court*

*Source: Allison & Lemley, Empirical Evidence on Patent Validity*
Why More? What Changed . . .

1999
- *Inter Partes* Procedure

2002
- Fed Cir appeal for *inter partes* requesters
- Previously considered art may be basis for reexam

2005
- Central Reexamination Unit
- Panel Review

2007
- *KSR v. Teleflex (Sup. Ct.)*

2008
- Published data regarding kill rates
- Continued rise in lawsuits by licensing companies
- Continued rise in patent litigation costs
Why More? Advantages of Reexam

- Litigation cost avoidance
- Leverage in licensing negotiation (often not even necessary to file)
- Better forum for technical invalidity arguments or “squinting 102s”
- Reduce back damages
- May moot infringement verdict (Translogic)
- Stay litigation
- Alleviate infringement/invalidity claim construction conflict
- Cast shadow over patent for jury
Overview

- Why More Reexaminations?
- Reexamination Basics
- As Litigation Strategy – Yes or No?
- Stay of Litigation
- Interplay Among Proceedings
- Examiner-Friendly Reexam Requests
- Legislative Update
What is Reexamination?

- Patent Office procedure for correcting an issued patent by re-examining any claim based on certain types of prior art
- Initiated by request filed by patent owner, third party or commissioner
- Patent examiner determines if the patent claims should be cancelled, amended or confirmed (cannot be broadened)
What is Reexamination?

If there is a **substantial new question of patentability**, reexamination request is granted.

For a substantial new question (SNQ) to be present, it is only necessary that:

- (A) a reasonable examiner would consider the prior art teaching to be **important** in deciding whether a claim is patentable, and

- (B) the same question has not been decided by the Office in a previous examination or by a final holding of invalidity in a Federal court.

*See MPEP 2242*
What is Reexamination?

Substantive Basis

- “Patents and Printed Publications” only, no prior use or sale prior art
- New question based on §§ 102(a), (b), (d), (e), or (g), and §103
- New question cannot be based on non-enablement or failure to disclose best mode under §112, or on failure to comply with §101
- But reexamination can be used to break a claim of priority
  - Request may point out that claims are entitled only to the filing date of the patent and are not supported by an earlier parent application; therefore intervening patents or publications would be available as prior art (MPEP §2617)
Types of Reexamination

**Ex Parte**
- May be initiated by the patent owner, third party (anonymous) or Commissioner
- Limited involvement by third party

**Inter Partes**
- Only for patents filed on or after November 29, 1999
- Must be initiated by third party
- Third party is involved in the entire proceeding
- No examiner interviews
Ex Parte Reexamination

Steps

1. File Request

   No

   Order (Grant)

   Yes

   Patent Owner Statement (Opt)

   Requester Reply (Opt)

   (Opt)

   Office Action

   Patent Owner Response

   Certificate (or file Appeal)

Timing

- 3 months (35 USC 303)
- 2 months (35 USC 304)
- 2 months (37 CFR 1.535)
- ~6-24 months (estimate)
- 2 months (MPEP 2263)

Total Time

- About 24 months (PTO statistic)
- About 20-30 months (our estimate)
**Inter Partes Reexamination**

- **Steps**
  - File Request
  - Order (Grant)
  - Office Action
  - Patent Owner Response
  - Requester Comments
  - ACP
  - Certificate (or Appeal)

- **Timing**
  - First Office action issues at the same time as the Order for Reexam 70% of the time. (Institute for Progress, April 2008)
  - Order (Grant) timeline:
    - 3 months (35 USC 312)
    - 0-2 months. (35 U.S.C. 313, MPEP 2660)
    - 2 months (MPEP 2662)
    - 30 days (35 USC 314)

- **Total Time**
  - ~33 months (PTO statistic)
  - ~34-53 months (if no appeal) and ~5-8 yrs (if appeal)
  - (Statistics by Institute for Progress, April 2008)
  - BUT . . . In 2008 the time to ACP is shrinking (<1yr in many cases)
The USPTO Reports an Average Pendency of 28.5 Months; This Estimate is Skewed by Cases that have Skipped Steps

Per IFP: Inter partes pendency without skipping steps:
~39 Months;
~5-8 Yrs if Appealed

Source: Institute for Progress (April 2008)
Pendency Trends?

- *Inter Partes* pendency up in 2008 (32.6 months) from 2007 (28.6 months)

But . . .

- Reexamination has been speeding up – in various *inter partes* reexams filed in early 2008, ACPs were received within eight months

- PTO has increased the number of Examiners in the CRU

- Removing outliers, Board decisions are about 15-18 months from appeal
### Ex Parte and Inter Partes Procedures

<table>
<thead>
<tr>
<th></th>
<th>Ex parte</th>
<th>Inter partes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who Can Initiate?</strong></td>
<td>Patentee or 3&lt;sup&gt;rd&lt;/sup&gt; party (can be anonymous)</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; party only (not anonymous)</td>
</tr>
<tr>
<td><strong>Time to First Office Action</strong></td>
<td>3 to 18 months</td>
<td>30-90 days</td>
</tr>
<tr>
<td><strong>What Patents?</strong></td>
<td>Those filed on or after 07/01/81</td>
<td>Those filed on or after 11/29/1999</td>
</tr>
<tr>
<td><strong>Interviews</strong></td>
<td>Permitted</td>
<td>Not permitted</td>
</tr>
<tr>
<td><strong>Estoppel?</strong></td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Appeal</strong></td>
<td>Patent owner only</td>
<td>Both parties</td>
</tr>
</tbody>
</table>
Procedural Similarities Between *Ex Parte* and *Inter Partes*

- No extensions except for “good cause”
- No continuation practice
- No broadening of claims
- Panel review
- Cannot terminate at request of parties
Differences in Estoppel Effect

**Inter Partes Civil Action Estoppel**

- A third party requester 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.
  - May be affected by pending reform legislation

- Estoppel attaches only after board decision (or maybe later)
  - About 3 to 5 years after filing

- Doesn’t affect offers for sale, prior public uses, prior invention, derivation, inequitable conduct, 112 arguments, etc.

*See 35 U.S.C § 315*
Differences in Estoppel Effect

**Inter Partes Reexamination Estoppel**

- No additional inter partes requests by same party or its privies after the first inter partes reexamination is declared
  - Exception: Arguments that “could not have been raised” in the earlier reexamination

- After “final decision” in litigation, party to litigation can’t initiate or maintain an inter partes reexamination
  - This is the one circumstance in which the PTO will terminate a reexamination

*See 35 U.S.C § 317*
Overview

- Why More Reexaminations?
- Reexamination Basics
- As Litigation Strategy – Yes or No?
- Stay of Litigation
- Interplay Among Proceedings
- Examiner-Friendly Reexam Requests
- Legislative Update
As a Litigation Strategy – Yes or No?

**Ex Parte Requests with Related Litigation**
- **FY 2004**: 31%
- **FY 2008**: 46%

**Inter Partes Requests with Related Litigation**
- **FY 2004**: 19%
- **FY 2008**: 68%
Ex parte Statistics

First 25 years (from 7/01/81 to 6/30/06):

Total reexam certificates issued 5433
All claims confirmed 1410 (26%)
All claims canceled 554 (10%)
Claim changes 3469 (64%)

2008:

Total reexam certificates issued 529
All claims confirmed 87 (16%)
All claims canceled 103 (19%)
Claim changes 339 (64%)
Inter Partes Statistics

1999 through 2007:

Total reexam certificates issued 12
All claims confirmed 1 (8%)
All claims canceled 9 (75%)
Claim changes 2 (17%)

2008:

All claims confirmed 3 (9%)
All claims canceled 22 (69%)
Some claim changes 7 (22%)
Invalidity:
Better Result in Reexam or Litigation?

The MPEP says an intent of the reexamination procedures is “to maximize respect for the reexamined patent”

What does this mean?

*Ex parte* (2008)

![Pie chart](chart1.png)

- Canceled (19%)
- Confirmed (16%)
- Changed (64%)

*Inter partes* (2008)

![Pie chart](chart2.png)

- Canceled (69%)
- Changed (22%)
- Confirmed (9%)

MPEP §2209
Why So Many Requesters Choose *Inter Partes*

- More effective, largely because of the no interview rules and because you can respond to claim amendments are arguments made during reexamination
  - Can add new references and proposed rejections

- Estoppel attaches only after reexamination decision becomes final, and doesn’t affect many other defenses

- Requester has appeal rights in *inter partes*

- Stays of litigation may be more likely (to be discussed in a bit)
Reexamination in Litigation: Yes or No?

*Factors Favoring Reexamination*

- Different standard for invalidity
- Early cloud on the patent
- Basis for stay of litigation
- Delay to design-around
- Avoids costs of litigation
- May create prosecution history estoppels
- May create evidence for claim construction
- Access to examiner expertise
- Second bite at invalidity if sustained in court
- Damages reduced by intervening rights if claims amended or cancelled
Reexamination in Litigation: Yes or No?

Factors Favoring Reexamination

- Third party participation (*inter partes*) increases fairness
- “Sudden death overtime” prosecution disadvantages patent owner
- Creates a separate right of appeal
- Could reduce risk of a preliminary injunction

Reexamination By Plaintiff:

- Useful to preempt imminent reexam by accused infringer
- No defendant participation in ex parte
- Favorable reexam helps for preliminary injunction
- Reissue often a safer, better option
Reexamination in Litigation: Yes or No?

**Factors Against Reexamination**

- “No SNQ” or “SNQ with ACP” situation
- Confirmed claims over your best prior art
- Estoppel for issues raised, or that could have been raised, in *inter partes* reexamination
- Potential for delays in the PTO
- Can’t stop it once ordered
- Third party requester cannot comment if the patent owner does not respond (claims confirmed)
- Evaluation of validity is isolated from issues of “bad” conduct
- No adversarial measures (discovery, depositions) available in reexam
Summary:
Consider Filing as a Defendant if…

- Want to mitigate chance of preliminary injunction issuing
- Want stay
- Want to introduce questions to undermine attempts for PI or post-trial injunction
- Trial venue not likely to rule favorably on art grounds (complexity, or history)
- Have other, non-patent/publication art
- Have strong and/or very technical printed publication art
- Want to create prosecution history estoppel, claim construction arguments
- Want to reduce damages through intervening rights (if claims are amended or canceled)
- Need to break down presumption for purposes of trial
Overview

- Why More Reexaminations?
- Reexamination Basics
- As Litigation Strategy – Yes or No?
- Stay of Litigation
- Interplay Among Proceedings
- Examiner-Friendly Reexam Requests
- Legislative Update
Stay of 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.”

"No Defendant in this case has taken advantage of Congress’s hard work in offering the option [of inter partes reexamination]. Rather, one Defendant has reached back in history to the non-binding 'no risk for me' ex parte reexamination process, allowing all Defendant to lay behind the log, hoping for favorable developments with the passage of time. Instead of streamlining the process, Defendants’ choice guarantees the imposition of additional costs on [plaintiff], and indicates a lack of desire to resolve the issues in the case in a timely manner."

Stay of Litigation

Reexamination concurrent with litigation creates opportunities for either party to seek a stay of litigation, the grant of which depends on the court’s weighing of:

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.

Venue Matters…

% Stays Granted (Cases Reported 1981-2009)

- E.D. TEXAS: 34%
- N.D. CALIF: 68%
- D. DEL: 39%
- E.D. VA: 50%

* Source: Interplay Between Litigation and Reexamination, Katherine D. Prescott, Fish & Richardson P.C.
E.D. Texas Recent Approach to Stays

Stay Granted

– **Spa Syspatronic v. Verifone (4/08)**
  - No Undue Prejudice: Patent will expire before trial so only damages available; no injunction.
  - Parties not direct competitors.
  - Reexam May Simplify: European counterpart revoked for want of novelty
  - Early Stage: Prior to Markman hearing; no trial set

– **Echostar v. Tivo (7/06)**
  - No Undue Prejudice: “Courts have an even more compelling reason to grant a stay when an *inter partes* reexamination is proceeding.” (because of the estoppel restraints).
  - Early Stage: Discovery and claim construction not complete.
E.D. Texas Recent Approach to Stays

Stay Granted with Stipulation

– DataTreasury v. Wells Fargo (10/06)
  
  • Court required defendants to stipulate:
    – Not to challenge the patents on grounds considered during reexam, but permitted to rely on obviousness combinations with non-considered art.

– Antor Media v. Nokia et al. (10/06)
  
  • Court required defendants to stipulate:
    – Not to challenge the patents on any prior art considered during reexam
    – Stricter stipulation than DataTreasury
E.D. Texas Recent Approach to Stays

Stay Granted with Stipulation

- *Premier Intl. v. HP; Microsoft* (5/08)
  - No Undue Prejudice: and
    - Required *DataTreasury* stipulation and that any defendant seeking own reexamination do so within 90 days.
  - Reexam May Simplify:
    - PTO had rejected all 210 claims.
  - Early Stage:
    - No discovery; no *Markman* hearing.
E.D. Texas Recent Approach to Stays

No Stay Granted

– Cooper Tech. v. Thomas & Betts (3/08)
  • Likely Prejudice: –Parties are direct competitors so indefinite period of delay for pending *ex parte* and *inter partes* reexams will likely prejudice plaintiff.
  • Reexam May Not Simplify: –Although *estoppel* applies to patent in *inter partes* reexam, it does not apply to the closely related patent in *ex parte* reexam.

– Texas MP3 v. Samsung (10/07)
  • Likely Prejudice: –Potential delay of up to 3 yrs for *inter partes* reexam could prejudice plaintiff.
  • Reexam May Not Simplify: –Two of the three defendants are not parties to the reexamination, so no *estoppel* applies to those two.
N.D. California Recent Approach to Stays

Stay Granted

- **Proctor & Gamble v. Kraft Foods (8/08) (J. Hamilton)**
  - “There is a strong likelihood that binding final, results of the reexamination proceedings . . . would have an effect on issues before the court[.]”
  - “The court is not unmindful . . . of undue prejudice to the Plaintiff . . . particularly in view of the suggestion that the full completion period for inter partes reexamination proceedings is 5 to 8 years.”
  - “Some limited discovery . . . is appropriate to mitigate potentially prejudicial effects of a stay.”
  - Parties to report every 6 months on the status of the reexams
Overview

- Why More Reexaminations?
- Reexamination Basics
- As Litigation Strategy – Yes or No?
- Stay of Litigation
- Interplay Among Proceedings
- Examiner-Friendly Reexam Requests
- Legislative Update
Interplay Among Proceedings: When to File Reexam

Before the lawsuit
- In conjunction with the potential filing of a declaratory judgment action?
- Provides a strong argument for the court to grant a stay if litigation is later filed
- Less costly to take down patent via reexam ($50K) versus litigation ($3.5M+) (but might provoke suit)
- Can cast later suit as retaliatory

At the beginning of the lawsuit
- To maximize the chance of being granted a stay of litigation
- To minimize the chance of preliminary injunction/TRO
- The first OA or ACP is likely to occur before trial
When to File Reexam, *cont.*

Later in the lawsuit

- The requests can be supported by arguments developed along in the lawsuit
- The grant of a reexam may be influential to the trier of fact
- A pending reexam may be influential in post-trial actions, including arguing against a potential permanent injunction
- *Inter partes* reexam relatively easier to prepare after prior art searching completed; less concern about estoppel
When to File Reexam, *cont.*

- **After the lawsuit**
  - Not common to file a request for reexam after the lawsuit
  - May serve to reduce ongoing royalty payments

- **Multiple, staggered ex parte reexams**
  - Each new reexam request can address shortcomings that the PTO ruled upon in a prior request
  - Multiple reexaminations are often merged
  - Ex parte reexams can be merged with a subsequently filed inter partes reexam
  - Be careful not to be accused of harassing the patent owner
“A party can choose to run horses in both races, but the conclusion of one race automatically ends the other; a party cannot ride both horses to conclusion.”

In re Swanson

Reexamination provides a “second bite” at the invalidity apple
  – Reexamination may consider the same issue of validity as a prior federal court case
  – A “substantial new question of patentability” refers to questions not previously considered by the PTO, even if previously considered by a federal court

But: “[A]n attempt to reopen a final federal court judgment of infringement on the basis of a reexamination finding of invalidity might raise constitutional problems.”

In re Swanson, 540 F.3d 1368, 1379 n.5 (Fed. Cir. 2008)
But if the federal court judgment is not final, reexamination can trump the court’s decision

- In *Translogic*, there were co-pending Federal Circuit appeals of patent validity from:
  - District court, having found patent not invalid and infringed
  - BPAI, having found patent invalid in *ex parte* reexamination
- Federal Circuit affirmed the reexamination’s claim construction and invalidity conclusion
- And remanded the district court case with instructions to dismiss

*In re Translogic Tech., Inc.*, 504 F.3d 1249 (Fed. Cir. 2007)
Interplay Among Proceedings –
A Lot Can Happen

**Actions During Proceedings**

<table>
<thead>
<tr>
<th>Litigation</th>
<th>Inter Partes Reexamination</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Admission” by Patent Owner</td>
<td>Examiner may rely on admissions</td>
</tr>
<tr>
<td>May impact claim interpretation or provide basis for non-infringement position</td>
<td></td>
</tr>
<tr>
<td>Requester may be estopped from challenging fact in litigation</td>
<td></td>
</tr>
<tr>
<td>Non-Final Holding of Invalidity or Validity</td>
<td></td>
</tr>
<tr>
<td>Persuasive authority for invalidity</td>
<td></td>
</tr>
<tr>
<td>May limit damages or create intervening rights</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ongoing prosecution history: Patentee argues distinction over prior art</td>
</tr>
<tr>
<td></td>
<td>“Fact” determined in reexamination</td>
</tr>
<tr>
<td></td>
<td>“Not controlling” in reexam</td>
</tr>
<tr>
<td></td>
<td>Non-final rejection</td>
</tr>
<tr>
<td></td>
<td>Claim amendments</td>
</tr>
</tbody>
</table>
Interplay Among Proceedings – A Lot Can Happen

**Actions During Proceedings**

**Litigation**
- "Admission" by Patent Owner
  - May impact claim interpretation or provide basis for non-infringement position
  - Requester may be estopped from challenging fact in litigation
- Non-Final Holding of Invalidity or Validity
  - Persuasive authority for invalidity
  - May limit damages or create intervening rights

**Inter Partes Reexamination**
- Examiner may rely on admissions
- Patentee arguments continue to create prosecution history
- "Fact" determined in reexamination
- "Not controlling" in reexam
- Office action rejection
- Claim amendments

Interplay Among Proceedings – A Lot Can Happen
Interplay Among Proceedings – A Lot Can Happen

**Final Holdings**

A decision is “final” only after all appeals.

**Litigation**

Final decision holding patent:

- Invalid
- “Valid”

**Inter Partes Reexamination**

Final decision holding patent:

- Reexam is vacated (as moot)
- Reexam is vacated if the requester was a litigant

Case dismissed

Requester estopped from asserting invalidity in litigation based on reexam prior art.

Invalid

“Valid”
Interplay Among Proceedings – A Lot Can Happen

**Final Holdings**

A decision is “final” only after all appeals.

**Litigation**

Final decision holding patent:

- Invalid
- “Valid”

**Inter Partes Reexamination**

Reexam is vacated (as moot)

Reexam is vacated if the requester was a litigant

Final decision holding patent:

- Invalid
- “Valid”

Case dismissed

Requester estopped from asserting invalidity in litigation (based on reexam prior art)
Overview

- Why More Reexaminations?
- Reexamination Basics
- As Litigation Strategy – Yes or No?
- Stay of Litigation
- Interplay Among Proceedings
- Examiner-Friendly Reexam Requests
- Legislative Update
Best Practice #1: Write an Effective Introduction

Write for multiple audiences
- Legal instruments examiner
- Examiner
- Judge & jury

In one page:
- Identify real parties in interest
- Provide procedural context
- Provide technology context
- Identify substantial new question
  - Identify original prosecution reason for allowance
  - Show how newly cited art undermines that reason
Best Practice #2: Properly State the SNQ’s

State each SNQ precisely
- For each claim or group of claims, identify the precise rejection – the specific prior art reference or combination of references

Avoid open-ended language (MPEP §2617):
- anticipated by, or in the alternative, rendered obvious by…
- obvious over Smith and/or Charles
- obvious over Smith in view of Jones or Harvey
- obvious over Smith in view of Harvey, taken alone or further in view of Cooper.
Best Practice #3: No Extra Baggage or Litigation Tactics

Write both TO the examiner and FOR the examiner

“A request for *inter partes* reexamination must not include information that is not permitted to be entered into the record.”

- For example, the examiner is not interested in equities – doesn’t care about inequitable conduct, or the conduct of the parties in litigation
- Not interested in politics – doesn’t care whether patent owner is manufacturer, NPE, troll, etc.
Best Practice #4: Follow PTO’s KSR Guidelines

PTO Guidelines identify 7 different rationales that may be used to support a finding of obviousness.

Identify a rationale and explain how it supports an obviousness rejection.

- “Office personnel must explain why the differences between the prior art and the claimed invention would have been obvious.”
- “The Supreme Court in *KSR* noted that the analysis supporting a rejection under §103 should be made explicit.”

Examiner-Friendly Requests

Summary of Best Practices

#1: Write an Effective Introduction

#2: Properly State the SNQ’s

#3: No Extra Baggage or Litigation Tactics

#4: Follow PTO’s KSR Guidelines

*It’s all about the rules and analyzing prior art like an examiner.*
Overview

- Why More Reexaminations?
- Reexamination Basics
- As Litigation Strategy – Yes or No?
- Stay of Litigation
- Interplay Among Proceedings
- Examiner-Friendly Reexam Requests
- Legislative Update
Legislation and Rules

Ex Parte Reexamination
- 35 U.S.C. §§ 301-307
- 37 CFR §§ 1.510-1.570
- MPEP § 2200

Inter Partes Reexamination
- Enacted in 1999 as part of the American Inventors Protection Act (AIPA) (Pub. L. 106-113 (1999))
- Amended in 2002 to allow third parties the right to appeal to the Federal Circuit and to participate in the patent owner’s appeal (Pub. L. 107-273 (2002))
- 35 U.S.C. §§ 311-318
- 37 CFR §§ 1.902-1.997
- MPEP § 2600
Patent Reform Act of 2009

- March 3, 2009
  - Senate version (S.515) introduced 3/3/2009 by Senators Orrin Hatch and Patrick Leahy

- Two primary provisions:
  - Eligible prior art expanded (public use and on sale activities)
  - Modification of IPR estoppel
    - proposal to modify 315(c)
    - remove “could have raised”
Questions?
Thank you!

Greg H. Gardella  
Twin Cities Office  
gardella@fr.com  
612-337-2594

W. Karl Renner  
Washington DC Office  
renner@fr.com  
202-626-6447

October 14, 2009

Gregory Novak
Managing Partner and CEO
Novak Druce + Quigg LLP
(202) 659-0100
greg.novak@novakdruce.com
Introduction to Reexamination
Introduction to Reexamination

Reexaminations are a challenge to a patent’s patentability within the USPTO based on patents and printed publications.
- USPTO’s review is de novo
  - i.e., no presumption of validity
  - Broadest reasonable construction is used
  - Claims may be added and/or amended to “live patents”
Requests for Reexamination

Either the patent owner or a third-party may request reexamination of an existing patent

- Requester must allege at least one “substantial new question” (“SNQ”) of patentability considering:
  
  • A substantial likelihood that a reasonable examiner would consider the prior art or printed publication important in deciding whether or not the claim is patentable
  
  • A new, non-cumulative technological teaching not previously considered and discussed on the record during prosecution
  
  • A determination of the existence of an SNQ need NOT rise to the level of prima facie case of unpatentability for reexamination to be ordered
Two Types of Requests

**Ex Parte** Reexamination

- Anyone may file
- Available for all patents (including 6 years post expiration)

**Inter Partes** Reexamination

- May only be requested by a third party requester identifying the “Real Party in Interest”
- Only available for those patents filed after Nov. 29, 1999
Central Reexamination Unit

Created in 2005, it consists of the best performing examiners throughout the PTO

- NTP Reexaminations were first cases
- Provides a high quality examination
- Eliminates the possibility of claims being re-approved by the same examiner that may have improperly granted the patent originally
Reexamination Statistical Summary

Inter Partes Reexamination Filing Data June 30, 2009 (77 Certificates)

- All Claims Confirmed (5%)
- All Claims Canceled (60%)
- Claim Changes (35%)

Ex Parte Reexamination Filing Data June 30, 2009

- All Claims Confirmed (27%)
- All Claims Canceled (13%)
- Claim Changes (60%)

Source: USPTO Filing Data: June 30, 2009
Impact of Reexamination on Litigation
## Comparing Reexamination to Litigation

<table>
<thead>
<tr>
<th>Reexamination</th>
<th>Litigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• No presumption of validity</td>
<td>• All claims presumed valid</td>
</tr>
<tr>
<td>• Broadest reasonable interpretation</td>
<td>• Ordinary meaning under Phillips v. AWH Corp.</td>
</tr>
<tr>
<td>• Non-Patentability of claims only requires a showing by a preponderance of the evidence</td>
<td>• Invalidity of claims requires a showing by clear and convincing evidence</td>
</tr>
<tr>
<td>• Decision made by technically knowledgeable examiners</td>
<td>• Decisions made by non-technically knowledgeable judge or jury</td>
</tr>
</tbody>
</table>
Effects of Reexamination on Litigations

Overview

• Settlement aided by reexamination
• Acquiring additional prosecution history
• Stays of litigation pending reexamination
• May reduce damages by creating intervening rights
  - Patent claim scope is changed
• Avoiding a finding of willful infringement
• Supporting a finding of inequitable conduct
Settlement

Strategies for settling before filing
- Provide finite time to review and come to the table
- Present strongest arguments
- Educate on effectiveness of reexaminations
- File inter partes or serial ex parte

Settlement after filing
- Seek settlement after milestones (e.g., Orders, Office Actions)
- Offer non-participation so patent owner can interview
Prosecution History Estoppel

**Applera Corp. v. Micromass UK Ltd.,** 204 F.Supp.2d 724, (D. Del. 2002)

- “[a]rguments made to obtain the realallowance of the claims during reexamination may also give rise to prosecution history estoppel.”

**C.R. Bard, Inc. v. U.S. Surgical Corp.,** 388 F.3d 858 (Fed. Cir. 2004)

- held that the plaintiffs’ claim gave up the subject matter of “non-pleated plugs” when their statement during reexamination disclaimed coverage of “non-pleated plugs.”
Stays of Litigation

Factors that courts may consider:

• Whether the non-moving party will be unduly prejudiced by a stay
• Whether a stay will simplify the issue(s) for trial
• Whether discovery has been completed and a trial date set
Stays of Litigation (Cont’d)

Some considerations if submitting a motion to stay:

• File reexamination(s) early in litigation
• File reexamination(s) before discovery completes
• File reexamination(s) before Markman hearing
• Reexamination request(s) should be filed on all patents but only against allegedly infringed claims
• File an inter partes reexamination
Intervening Rights - Lower Damages

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 patent was void ab initio

Other Issues

Inter Partes Reexamination Estoppel
  • Inter Partes Estoppel: Real or Fiction?

PTO Timing vs. Litigation Timing
  • File early in litigation to have most impact
  • File inter partes
Questions?

October 14, 2009

Gregory Novak
Managing Partner and CEO
Novak Druce + Quigg LLP
(202) 659-0100
greg.novak@novakdruce.com
Thank You

October 14, 2009

Gregory Novak
Managing Partner and CEO
Novak Druce + Quigg LLP
(202) 659-0100
greg.novak@novakdruce.com