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Legal Updates

Reexamination Filings Continue Their Upward Trend

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In the September 2007 issue of this newsletter, we reported on the latest reexamination statistics available at that time. In this issue, we provide an update on those figures based upon the USPTO's recent release of statistics for the first half of fiscal year 2008. Both *ex parte* and *inter partes* reexamination filings continue to increase, with *inter partes* reexaminations again scoring a sizeable increase.

The statistics cover the first half of the PTO's 2008 fiscal year beginning October 1, 2007, and ending March 31, 2008. During this period, the PTO received 330 *ex parte* reexamination requests. Using simple linear growth assumptions, this extrapolates to 660 expected *ex parte* filings by the end of fiscal year 2008, breaking last year's record 643 filings. Historically, *ex parte* reexamination filing numbers stayed more or less within the 300-400 range during the 1990s and the early part of this decade, but have shown an unmistakable upward trend since 2003, which saw 392 filings.

The gains in *ex parte* filings, however, pale in comparison with the brisk pace of *inter partes* filings. The first half of fiscal 2008 saw 82 *inter partes* filings, which puts them on track to reach 164 by fiscal year's end. This would mark a 30% increase from last year's record 126 filings. Overall, *inter partes* filings have shown remarkable gains since their rather timid start in the beginning of this century. *Inter partes* reexaminations were first authorized by law in late 1999. The first filing did not come until 2001, and that year saw only the one filing.

Patent litigators and prosecutors carefully follow *inter partes* reexamination statistics to help assess the pros and cons of this relatively new procedure. As an advantage over *ex parte* reexamination, *inter partes* reexamination enables the requester to counter the patentee's arguments in the PTO. On the other hand, a third-party requester is estopped from seeking relief in the courts in the face of a negative decision in an *inter partes* reexamination. See 35 U.S.C. 315(c). The dramatic rise in these filings indicates that more requesters are willing to take that risk.

Type of Proceeding	Filings for FY2007	Filings for first half of FY2008	Projected filings for FY2008	Projected change
<i>Ex parte</i>	642	330	660	+2.8%
<i>Inter Partes</i>	126	82	164	+30.2%

Inter partes requesters are probably emboldened by statistics on PTO decisions that overwhelmingly favor the third-party requester. Since the initial authorization of *inter partes* reexaminations in 1999, the PTO has granted 95% of the 328 requests for *inter partes* reexamination, thus allowing those reexaminations to proceed.

During that same time period, only 17 cases have been brought to final Patent Office decision. Of these, thirteen reexaminations, or 76%, resulted in all claims cancelled – an encouraging figure for third party requesters. Three cases ended with some claim changes, and only one case resulted in all claims confirmed. Since the beginning of the current fiscal year, four proceedings have resulted in all claims cancelled, two in claim changes, and none in confirmation of all claims.

Ex parte reexaminations have also generally resulted in what many would consider an advantage for the third-party requester. Since the implementation of the *ex parte* reexamination procedure in 1981, the PTO has granted 92% of all *ex parte* reexamination requests. The PTO granted the same percentage of requests at the end of last fiscal year.

Overall, since 1981 the PTO has rendered 3,386 decisions on *ex parte* reexaminations initiated by a third-party request. Of these, 13% have resulted in all claims cancelled, 59% in claim changes, and 28% in all claims confirmed. Since the beginning of the fiscal year, 20% of third-party requested *ex parte* proceedings have resulted in all claims cancelled, 61% in claim changes, and 19% in all claims confirmed. It should be noted that since reexaminations in general do not allow for broadening the claims, decisions resulting in claim changes are generally viewed as favorable to the requester.^[1]

Given these statistics, it is not surprising that the use of reexamination as a strategic option in litigation seems to be picking up, or at least continuing, in popularity. Currently, 54% of *inter partes* reexamination proceedings are known to be associated with litigation (up from 50% last year), compared with 27% of *ex parte* proceedings (up from 26% last year).

In conclusion, both *ex parte* and (especially) *inter partes* reexamination filings continue to increase. Meanwhile, PTO decisions for both types of filings continue to favor the third-party requester. We expect both *ex parte* and *inter partes* reexaminations to continue to gain in popularity as a low-cost alternative to patent litigation.^[2]

Footnotes

^[1] This need not be true in all cases. Narrowing amendments may strengthen a claim against invalidity attacks without helping a third-party requester avoid infringement. However, it is believed that, on average, claim changes favor the third-party requester.

^[2] This assumes that other factors do not arise to outweigh the favorable PTO statistics, such as the potential for courts to refuse to stay litigation pending the outcome of reexamination.