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Should Estoppel Stop You From Requesting Inter Partes Reexamination?

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Introduction

Inter partes reexamination offers an attractive supplement (or even alternative) to litigation for challenging the validity of a patent. Unlike *ex parte* reexamination, *inter partes* reexamination advantageously enables a third party requester to participate in the prosecution, including any appeal.

Inter partes reexamination, however, is not without its risks. The estoppel aspect of the procedure is “the most frequently identified inequity that deters third parties from filing requests for *inter partes* reexamination of patents.”^[1] Specifically, under 35 U.S.C. § 315(c), a third party requester may be estopped in litigation from challenging patent claims on invalidity grounds that were or could have been raised in the course of an *inter partes* reexamination.

Accordingly, as part of the decision to file an *inter partes* reexam, a party should carefully consider potential estoppels that could attach in a later district court proceeding. Such an inquiry can be difficult, as the statutes, rules, regulations, and related case law do not clearly define Section 315(c)’s estoppel provisions. And, although the USPTO has admitted that “there is widespread agreement that the estoppel provisions should be better defined,”^[2] very little progress has been made so far.

Nevertheless, a party with an understanding of the language and history of Section 315(c) may be able to mitigate some of the risk. To assist with this inquiry, the following discussion identifies specific categories of prior art that may pose a relatively low risk of triggering Section 315(c) estoppel and, thus, may be preserved for future litigation.

Scope of *Inter Partes* Reexamination Estoppel

Under Section 315(c), a third party 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.”^[3] Additionally, Section 315(c) states, “[t]his subsection does not prevent the assertion of invalidity based on

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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.”^[4]

The scope of Section 315(c) estoppel appears to be limited in several ways. For example, Section 315(c) only applies to claims that are *finally determined* to be valid in a reexamination proceeding.^[5] Thus, Section 315(c) estoppel should, at least, not apply to a validity challenge in litigation that is expected to be resolved before conclusion of the reexamination proceeding. Note that the typical median pendency of an *inter partes* reexamination, absent appeal, is roughly 33 months.^[6]

Additionally, Section 315(c) estoppel only applies to evidence and invalidity arguments that were or *could have been* raised by the third party requester at the time of the *inter partes* reexamination. The prior art considered in a request for *inter partes* reexamination is limited to patents and printed publications.

Thus, invalidating prior art evidencing public use and sales activities under 35 U.S.C. 102(b) remains available for subsequent validity attacks in litigation. Arguments that rely on combinations with a prior art reference that was off-limits from consideration during reexamination may also be preserved for litigation. Additionally, the statute expressly excludes any newly discovered prior art, unavailable at the time of the *inter partes* examination.

To further clarify the bounds of reexamination estoppel, we analyze these three categories of prior art in more detail below.

Prior art used to assert invalidity on different grounds

Section 315(c) estops a defendant from arguing in litigation any “ground” that “could have been raised” against claims in an *inter partes* reexamination. The “grounds” available during reexamination are expressly limited by statute and PTO procedure.

As mentioned above, claims in an *inter partes* reexamination are examined only “on the basis of patents or printed publications.”^[7] A requester during reexamination, however, may only apply a printed publication under appropriate portions of 35 U.S.C. 102 (anticipation)^[8] and/or under 35 U.S.C. 103 (obviousness). For example, PTO procedures specify that “a prior art patent or printed publication *cannot* be properly applied as a ground for reexamination if it is merely used as evidence of alleged *prior public use or on sale* [under 35 U.S.C. 102(b)].”^[9] Issues other than those specifically provided for by statute “will not be resolved in an *inter partes* reexamination.”^[10]

Based on the foregoing, arguments using patents and printed publications as evidence of public use or prior sales are grounds that the requester could *not* have raised during reexamination. As such, those arguments are not subject to Section 315(c) estoppel. Accordingly, a requester should be able to submit, in an *inter partes* reexamination request, patents or printed publications that happen to describe a product, and not be precluded from relying in later litigation on those same documents as evidence of public use or prior sales. However, one caveat is that, if the examiner in the reexamination found some claims patentable, the finder of fact in litigation may consider this finding a highly persuasive reason to do the same, regardless of the particular legal basis upon which the requester applies the evidence.^[11]

Art Used in Combination with Previously Submitted Publications

Even when a prior art reference itself falls within the scope of Section 315(c) estoppel, one may be able to use the same evidence in subsequent litigation, provided it is combined with art that could not have been considered during reexamination. As described above, Section 315(c) limits estoppel to arguments or grounds that “could have been raised” at the time of reexamination. If known publications are combined with prior art that was off-limits during reexamination, the new combination of prior art arguably “could not have been raised” and thus should not be estopped.

This argument was successfully made in a recent district court case, *ACCO Brands*.^[12] The defendant had previously initiated an *inter partes* reexamination citing thirteen combinations of prior art. During litigation, the defendant asserted invalidity over previously cited art in combination with a prior art physical product.^[13] The court found that “estoppel does not apply to the grounds for invalidity based on prior art that was not and could not have been before the PTO [during reexamination].”^[14]

Even though *ACCO Brands* found no estoppel, the court was “not convinced that defendant could not,

somehow, have gotten the [prior art product] information to the PTO had it actually wanted to.”^[15] *Inter partes* reexamination was relatively new at the time of the court’s decision. The court was lenient apparently because of the uncertainty surrounding the estoppel issue for this new statutory creation. The court’s commentary may serve as a warning to the third-party requester to diligently search for prior art and exhaustively pursue invalidity arguments in its request for *inter partes* reexamination.

Prior art that is “newly discovered”

As described above, Section 315(c) estoppel “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.” Clearly, if a party was actually aware of a prior art reference, but did not submit it in the reexamination, then the prior art cannot be characterized as “newly discovered.” In fact, congressional committee reports from the time of Section 315(c)’s enactment indicate that prior art would be considered “unavailable” to the third-party requester only where the third-party requester did not have actual knowledge of the prior art.^[16]

Nonetheless, it might not be advisable for a party to practice a “willful blindness” approach in an attempt to reduce its exposure to prior art it is “aware of.” The current PTO position on the meaning of “could have been raised” states: “The question of whether an issue could have been raised must be decided on a case-by-case basis, evaluating all the facts and circumstances of each individual situation.”^[17] Moreover, the PTO notes that “[t]he statute thus leaves open whether prior art that was not discovered in a search performed by the third party will be deemed prior art that was ‘unavailable’ or ‘not known’ or if the ‘unavailable’ standard only applies to prior art that was *not published* at the time the *inter partes* reexamination request was filed.”^[18] In view of the PTO’s statements, a court applying a broad interpretation of the phrase “could have been raised” may preclude the defendant from using prior art references that it could have discovered had it performed, for example, a diligent search for prior art.

The issue of imputed knowledge also arises from Section 315(c)’s recital that estoppel does not apply if the “newly discovered prior art [is] unavailable to the third-party requester and the Patent and Trademark Office at the time of the *inter partes* reexamination proceedings.” According to legislative history, the awareness of prior art should only be tested against “*individuals* who were involved in the reexamination proceeding on behalf of the third party requester and the USPTO.”^[19] In light of the legislative history, courts should require, at the very least, that an individual involved in the *inter partes* reexamination proceeding have had some exposure to the reference at a relevant point in time. Mere possession of the reference by either an employee of the third party requester or the Patent Office who was not involved in the reexamination, should not, alone, be sufficient to show that the reference “could have been raised.” That said, however, it is still unclear how a third party requester would be able to determine the extent of prior art known to *the examiner* at the time of reexamination. Again, it appears advisable for a potential requester to conduct a diligent prior art search to mitigate the risk that a court may preclude the use of art discovered after initiation of an *inter partes* reexamination.

Conclusion

The risks of *inter partes* estoppel can be mitigated if a party understands the scope of Section 315(c). For example, the statute by its own terms does not apply until the patentability of the claim is “finally decided” in the *inter partes* reexamination. Especially in the absence of a stay, the third party requester may be able to gauge whether the related litigation may end before any estoppel could take effect.

Moreover, as discussed above, there are several classes of prior art that may nevertheless be preserved once the reexamination has been finally decided. Specifically, grounds of invalidity that “could not have been raised” in the *inter partes* reexamination proceeding can still be advanced in later litigation. The impact of Section 315(c) estoppel may also be reduced if a prior art reference has a “dual use” as both a ground of invalidity in reexamination (*i.e.*, as a patent or printed publication) and as evidence of an alternate ground of invalidity, such as prior public use or prior sale.

Mindful of these considerations, the benefits of *inter partes* reexamination may outweigh the potential risk of estoppel attaching in litigation. In particular, one should keep in mind the essential advantage of *inter partes* reexamination—participation by the requester in the prosecution. This may explain recent statistics that show that all claims are cancelled or at least some changed in approximately 95% of *inter partes* reexaminations, compared to 75% of *ex parte* reexaminations.^[20]

Footnotes

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

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

[3] 35 U.S.C. 315(c) (emphasis added).

[4] *Id.* (emphasis added).

[5] Based on the legislative history, it appears that “finally determined” may be interpreted to mean after all appeals, if any, have been exhausted. See, e.g., Conference Report on HR 1554, 145 Cong. Rec. H11769, H11805 (Nov. 9, 1999) (addressing both Section 315 and section 317); see also United States Patent and Trademark Office Report To Congress on *Inter Partes* Reexamination at: http://www.uspto.gov/web/offices/dcom/olia/reports/reexam_report.htm (May 23, 2000). See also, Matthew A. Smith, *Inter Partes* Reexamination, Ed. 1E, 35-36 (Jan. 31, 2009) (examining “final” language in the legislative histories of Sections 315(c) and 317(b)) citing Conference Report on HR 1554, 145 Cong. Rec. H11769, H11805 (Nov. 9, 1999).

[6] See U.S. Patent and Trademark Office, *Inter Partes* Reexamination Filing Data (June 30, 2009).

[7] 37 C.F.R. § 1.906(a).

[8] MPEP 2617 (“Other matters, such as public use or sale [under 35 U.S.C. 102(b)], inventorship, 35 U.S.C. 101, 35 U.S.C. 112, fraud, etc., will not be considered... and should not be presented in the request.”); see also 35 U.S.C. § 102(b) (“the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.”) (emphasis added).

[9] MPEP 2617 (emphasis added); see also United States Patent and Trademark Office Report To Congress on *Inter Partes* Reexamination at: http://www.uspto.gov/web/offices/dcom/olia/reports/reexam_report.htm (“A reexamination requester’s challenge to a patent is limited to prior art patents and printed publications. Other validity-related questions, such as operability, enablement, written description, and prior use or sale are not available for challenging the existing patent claims in *inter partes* (or *ex parte*) reexamination proceedings.”).

[10] 37 C.F.R. § 1.906(c).

[11] See Roger Shang and Yar Chaikovosky, “*Inter Partes* Reexamination of Patents: An Empirical Evaluation,” 15 *Tex. Intell. Prop. L.J.* 1, 19 (2006).

[12] *ACCO Brands, Inc. v. PC Guardian Anti-Theft Prods.*, 592 F. Supp 2d 1208, 1217 (N.D. Cal. 2008).

[13] *Id.* at 1217.

[14] *Id.*

[15] *Id.* at 1218, n 4.

[16] See Conference Report on HR 1554, 145 Cong. Rec. H11769, H11805 (Nov. 9, 1999) (“Prior art was unavailable at the time of the *inter partes* reexamination if it was *not known* to the individuals who were involved in the reexamination proceeding on behalf of the third-party requester and the US Patent Office.”) (emphasis added).

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

[18] United States Patent and Trademark Office Report To Congress on *Inter Partes* Reexamination at: http://www.uspto.gov/web/offices/dcom/olia/reports/reexam_report.htm (emphasis added).

[19] Conference Report on HR 1554, 145 Cong. Rec. H11769, H11805 (Nov. 9, 1999) (emphasis added).

[20] U.S. Patent and Trademark Office, *Inter Partes* Reexamination Filing Data (June 30, 2009); *Ex Parte* Reexamination Filing Data (March 31, 2009).