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Reexaminations: Strategic Use by Both Patentees and Defendants

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While some think that the reexamination process is a recent occurrence, in fact the reexamination process was put into effect by legislation as early as 1981 by the U.S. Patent Office (USPTO). Back in those days, the reexamination procedure was only *ex parte*. Then, repeating history, effective on November 29, 1999, legislation adding an *inter partes* reexamination process was put into effect so that at the present time, a requestor has a choice of either an *ex parte* reexamination or *inter partes* reexamination procedure for post-November 1999 filings.

Why has the reexamination process become so popular? Courts seem to like the reexamination process because it allows the court to pass off the decision as to the validity of a patent based on published prior art largely to the USPTO. Also, courts have willingly jumped on the bandwagon and almost uniformly have stayed litigations if the reexamination request was made and grant of the request was given early on in the litigation. Thus, for a defendant in a patent litigation, often the first step is to try to find some prior art that can be used to first file for a reexamination and then, if the reexamination request is granted, apply to the court for a stay of litigation. In the days of *ex parte* only reexaminations, participation was limited because a requestor/defendant in the lawsuit really had one or a maximum of two opportunities to argue its position of invalidity. After that, the reexamination process became a process solely (hence *ex parte*) between the patentee and the USPTO. Now, however, with the advent of *inter partes* reexaminations, the requestor/defendant in the lawsuit has more or less full participation rights and even the ability to appeal the decision of the examiner first to the Board of Patent Appeals, and second to the Court of Appeals for the Federal Circuit should the requestor/defendant disagree with the decisions of the patent examiner and the Board. Given the time it takes to go through the examination process in an *inter partes* proceeding, followed by the time to go through the appeals process within the USPTO, and finally followed by the time it would take to prepare, argue, and obtain a decision from the Federal Circuit, the patent can effectively be put "on

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ice” for a period of five to seven years. With a patent that is short lived, term-wise that is, the result of this is that the patent may expire during the reexamination process so that the threat of an injunctive relief may be eliminated should the patent survive and should the defendant be found to infringe.

It is notable that, since the *inter partes* procedure applies to any patents which have an actual filing date after November 29, 1999, more and more patents will be eligible for *inter partes* reexamination simply due to the fact that earlier filed patents have been and will be expiring. Thus, it is reasonable to expect that going forward, more and more of the reexamination requests will be of the *inter partes* type.

Also favorable from a defendant’s standpoint, and with respect to either type of reexamination process, there is a high statistical likelihood that the reexamination will result in changes to some if not many of the claims in a patent, and this will invoke the Doctrine of Intervening Rights. The Intervening Rights Doctrine is a patent infringement defense, which provides that for acts occurring prior to the issuance of the reexamination certificate, any claim for damages is extinguished, except as to patent claims that are confirmed without substantive change from the original patent. With the application of the Intervening Rights Doctrine, it is likely that damages could be eliminated in part or in whole for pre-reexamination infringement. With *inter partes* reexaminations, due to the length of time it takes to get through the process, if the claims are changed (and remember claims may only be narrowed in reexamination) the potential amount of past damages may be altogether eliminated. Thus, for a defendant/requestor, while more expensive than an *ex parte* reexamination process, an *inter partes* process provides many advantages over the *ex parte* process.

However, this is not simply a one way street where only defendants may benefit from the reexamination process. Patentees benefit from the reexamination process in a number of ways, as well. One way is that potentially “troublesome” prior art may be cited to the USPTO, be considered by the examiner, and thus become of little utility to the defendant once the reexamination process is completed. In fact, in *inter partes* reexaminations, prior art that was considered by the USPTO and provided by the requestor provides an estoppel function if and when the patent goes back to the court for adjudication.

Furthermore, from a patentee standpoint, the reexamination process, whether filed by the patentee or by a defendant/requestor, has the benefit that the claims can be “fine tuned,” albeit more narrowly, to fit more precisely the allegedly infringing goods. This has the advantage of eliminating potential ambiguity in the claims that may be naturally due to the fact that when the claims were drafted and prosecuted, the specific allegedly infringing product was not in existence or invented.

Another benefit of the reexamination system to the patentee is the potential ability to help deflect an inequitable conduct charge. While the USPTO is prohibited in the reexamination process from considering inequitable conduct, the examiner certainly can review the prior art that may be used by a defendant to show materiality. If the patentee can convince the examiner that a particular piece of prior art was in fact not material, one of the two branches of inequitable conduct is in fact cut off and a charge of inequitable conduct defeated.

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For a defendant in a patent lawsuit which believes that filing a reexamination request might promote settlement for the case, it must be remembered that once the reexamination request is filed and granted, the “die is cast” and the settlement of the litigation in no way will affect, at least for *ex parte* reexaminations, the progress and process of the reexamination of the patentee’s patent. This may mean that while the patent suit has been settled between the parties, the reexamination process drones on to its normal conclusion, since, as mentioned above, in an *ex parte* reexamination there is no participation of the requestor after a certain point. However, in an *inter partes* examination, the settlement of the underlying lawsuit will normally require the defendant/requestor to halt its participation in the *inter partes* reexamination, at which point the reexamination will effectively revert to an *ex parte* reexamination, with the additional benefit that the patentee will be able to make arguments only to the USPTO examiner and will not have to fend off negative charges by the defendant/requestor.

So, in the end, which party is more favored in the reexamination process? We believe that for a patentee, the advantages lie with the *ex parte* form of reexamination, because the reexamination process is between the USPTO and the patentee only, and thus the patentee can interview the reexamination patent examiner outside the presence of the requestor/defendant, and perhaps have a better ability to convince the examiner that the claims are patentable over certain prior art. An *ex parte* reexamination allows the patentee the ability to better control claim terms and to get prior art before the examiner. From the standpoint of a defendant, we believe the *inter partes* reexamination process is generally superior, albeit more expensive, largely due to the fact that the process can be dragged out for years, perhaps eliminating the threat of a shut down by successful patent litigants by way of an injunction if the patent expires during the reexamination.

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