

# *Reexamination Strategies Concurrent with Litigation*

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## **I. The Multi-Purpose Litigation Tool**

The initiation of patent reexamination for patents subject to concurrent litigation can provide strategic benefits independent of the ultimate outcome of the reexamination. These litigation inspired applications of patent reexamination can be thought of as falling into one of two categories, namely, *pre-trial maneuvers* or *post-trial, damage control*.

**Pre-trial Maneuvers** are those patent reexaminations initiated to potentially enhance a defendant's battle in the district court. For example, patent reexamination may be sought as vehicle to stay a district court litigation. Still other defendants initiate patent reexamination concurrent with litigation as a mechanism to leverage more acceptable settlement terms, provide additional prosecution history for claim construction, avoid injunctive relief, demonstrate the materiality of a reference subject to an inequitable conduct defense, or establish objectively reasonable behavior for use in preventing a post-complaint willfulness finding.

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**Post-trial (damage control)** on the other hand, is a litigation inspired use of patent reexamination that seeks to undo the damage inflicted by the ruling of the district court by avoiding a permanent injunction, or by seeking a way to avoid judgment or continued pursuit of the litigation. Other post-trial/settlement uses of patent reexamination include avoiding permanent injunctive relief, and avoiding future royalties.

The strategies and case studies that follow illustrate patent reexamination as a multi-purpose litigation tool that is increasingly leveraged in the U.S. to improve defensive posture and drive early settlement. Over 1000 Patent reexamination filings were filed in 2010, the vast majority of which are conducted concurrent to district court and/or ITC litigation.<sup>2</sup>

## II. Pre-Trial Strategies

- *The Ability to Stay District Court Litigation*

One of the more common pre-trial strategies is to file a request for patent reexamination in an attempt to secure a stay of the litigation pending the outcome of the USPTO proceeding.

Courts have the inherent power to manage their dockets, including the authority to stay patent infringement litigation pending the conclusion of a Patent Office reexamination. Moreover, the decision to stay litigation is generally discretionary. Decisions granting stays of patent litigation are typically reviewed under an abuse of discretion standard. Such decisions can, in certain circumstances, be quite difficult to reverse on appeal. Although a patent owner has a statutory right under 35 U.S.C. § 318 to seek a stay of patent litigation pending the outcome of an *inter partes* reexamination proceeding, such requests can be denied

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<sup>2</sup> See Patent Reexamination Statistics at USPTO.GOV

if the judge does not believe that a stay would serve the interests of justice.

### **Factors Based Analysis**

Factors generally considered by district court judges when ruling on motions to stay include whether (1) a stay will unduly prejudice, or present a clear tactical disadvantage to, the nonmoving party; (2) a stay will simplify the issues and trial of the case; and (3) discovery is complete and a trial date has been set.<sup>3</sup> In ITC proceedings, Administrative Law Judges also consider the stage of the reexamination proceedings, efficient use of the Commission's resources, and alternative remedies available in federal court.

#### **1. Prejudice**

Delay arguably should not be a dispositive issue, as it is common to all stayed cases. In some cases, courts have found that a delay serves the interests of correctness and finality, by assuring that the Patent Office decision can be taken into account by the court prior to further proceedings.<sup>4</sup> However, it has been argued, successfully at times, that a delay that is not merely lengthy, but potentially indefinite is prejudicial to the nonmoving party.<sup>5</sup> Furthermore, the potential efficiency of having some of the issues in the case resolved by the Patent Office has been discounted in certain cases, where it was said to be uncertain when, if ever, the resolution would come.

In some cases in which no injunctive relief is sought, courts have found that a stay would not unduly prejudice the non-

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<sup>3</sup> *Spa Syspatronic, AG v. VeriFone, Inc.*, No. 07-416, 2008 U.S. Dist. LEXIS 34223, at \*5 (E.D. Tex. Apr. 24, 2008).

<sup>4</sup> *See Advanced Analogic Technologies, Inc. v. Kinetic Technologies, Inc.*, Case No. 09-CV-01360 (granting the stay pending reexamination to allow narrowing and clarifying claim construction via the reexamination proceedings, despite the completion of significant discovery and a set trial date).

<sup>5</sup> *See Fusilamp, LLC v. Littlefuse, Inc.*, No. 10-20528 (S.D. Fla. June 7, 2010) (stating "the length of the stay, if issued in this case, appears to be indefinite, and as such, is immoderate and unlawful.").

movant. However, in certain other cases, courts have determined that where the parties are direct competitors, a stay would likely prejudice the non-movant.<sup>6</sup> Sometimes courts consider that witnesses are more likely to be located if discovery is allowed to proceed because witnesses may become unavailable, their memories may fade, and evidence may be lost while the Patent Office proceedings occur.

Furthermore, in granting a stay pending reexamination, courts have required stipulations from the party moving for the stay in an effort to mitigate the prejudice to the non-moving party. For example, in *Visto Corp. v. Research in Motion*,<sup>7</sup> as well as the *Premier v. Hewlett-Packard* and *Premier v. Microsoft* cases,<sup>8</sup> stays were provided in stipulated form. In *Premier*, Judge Folsom wrote that “the Court determines that a stay should be counterbalanced with an appropriate stipulation so that neither side will be prejudiced by the other side getting ‘two bites at the apple.’”<sup>9</sup> The stipulation effectively required the accused infringers to argue obviousness based only on prior art submitted in the reexamination along with prior art not previously submitted.

Recently, litigants have begun addressing potential prejudice head on by agreeing to self-imposed stipulations. For example, a party seeking a stay pending reexamination may agree to stipulate to utilizing 37 C.F.R. § 1.953(b) for an expedited Right of Appeal Notice (RAN) to reduce the reexamination duration thus lessening the influence of prejudice towards the non-moving party. 37 C.F.R. § 1953(b) allows the patent owner and all third party

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<sup>6</sup> See *Nidec Corp. v. LG Innotek, Co.*, 2009 WL 3673433, \* 4 (E.D. Tex. Apr. 3, 2009); *O2 Micro Int’l Ltd. v. Beyond Innovation*, 2008 WL 4809093, \*2 (E.D. Tex. Oct. 29, 2008) (“The parties are direct competitors in the market and a denial of timely enforcement of the plaintiff’s patent rights does indeed unduly prejudice the plaintiff.”). *But see Cook, Inc. v. Endologix, Inc.*, No. 1:09-cv-01248 (S.D. Ind. Jan. 21, 2010) (granting the stay pending reexamination despite the parties being direct competitors).

<sup>7</sup> *Visto Corp. v. Research in Motion Ltd.*, No. 2:06-CV-181 (E.D. Tex. July 2, 2008).

<sup>8</sup> *Premier Int’l Assoc. LLC v. Hewlett-Packard Co.*, 554 F. Supp. 2d 717 (E.D. Tex. May 19, 2008) (No. 2:07-CV-395(Df), 2:07-CV-396(Df)).

<sup>9</sup> *Id.*

requesters to stipulate after the Patentee's response to the initial office action, that the issues are appropriate for a final action. The final action includes a final rejection and/or final determination favorable to patentability, and the parties may request the issuance of a RAN. The request must have the concurrence of the patent owner and all third party requesters present in the proceeding, but in their motion for stay, a party may indicate willingness to stipulate to this procedure, thus offering to accelerate the reexamination proceeding. Illustrating the effectiveness of offering to mitigate the prejudicial delay inherent to reexamination, the Defendants in *TDY Industries v. Ingersoll Cutting Tool* requested a stay pending reexamination and agreed not to deal in products allegedly covered by the patent at issue for a predetermined time frame.<sup>10</sup> The Court found that the Plaintiff's complaints were substantially mitigated by Ingersoll's agreement and granted the stay.

## 2. Simplification

A stay of litigation may streamline trial, simplify or eliminate issues, or reduce consumption of court and party resources. In 74 % of completed reexaminations, at least one claim of the patent-in-suit was eliminated, amended or otherwise limited. Accordingly, it has been argued that reexamination can simplify trial by eliminating the need to litigate infringement claims. However, courts may require a requesting party do more than merely proffer oft-cited reexamination statistics and generic judicial efficiency arguments. Some courts have found a compelling reason to grant a stay when an *inter partes* reexamination is proceeding with the same parties. However, there may be significant complex issues, such as infringement, inequitable conduct, and prior public use that will remain after reexamination, which courts have weighed against granting a stay.<sup>11</sup>

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<sup>10</sup> *TDY Industries Inc., v. Ingersoll Cutting Tool Co.*, No. 10-790 (W.D. Pa. Oct. 7, 2010).

<sup>11</sup> See *Synventive Molding Solutions, Inc. v. Huskey Injection Molding Systems, Inc.*, No. 2:08-CV-136 (D. Vt. Dec. 15, 2009).

### **3. Timing**

The current stage of the litigation can impact the decision on a motion to stay. For instance, whether the motion to stay was filed before or after discovery, claim construction, summary judgment motions or trial. Courts have often found the advanced nature of a case that is approaching trial may weigh against granting a stay. But the opposite inference—that a suit in the early stages should weigh heavily in favor of a stay—is not necessarily true. Stays have been denied in some cases even though there was a lack of a trial date and discovery was at its earliest stages.

Nevertheless, it could be argued that the key factors that come into play when a district court judge considers whether to grant a stay are whether the movant is a direct competitor, whether the reexamination is *ex parte* or *inter partes*, the stage of the reexamination proceeding, the status of the claims under reexamination, the stage of the litigation, and the status of discovery. In many cases, it may be best to seek stays early, but some courts have seriously entertained a motion to stay late in a case. Parties should also consider that stays may affect awards of damages, at least when sought prior to exhaustion of appeals. Stays may also affect the ability to obtain or maintain injunctions.

As such, one litigation strategy may be to carefully select the type of reexamination with an eye towards increasing the chances of obtaining a stay of concurrent litigation. Timing is important, but some courts have found that it is never too late. Parties should consider the district court's and judge's record for granting stays. In certain cases, parties have chosen not to rely solely upon Patent Office statistics. The results of the particular reexamination of the patent-in-suit, for example, sometimes may be more persuasive to certain judges.

#### **Creative Stay Tactics Motion to Transfer Followed by a Motion to Stay ("Texas Two Step")**

In addition to the above mentioned factors, the forum location may have a significant impact on the likelihood of obtaining a stay. For example, the Eastern District of Texas, well established as the premiere plaintiff forum for patent holders by deciding patent

cases quickly and infrequently finding patents invalid, will infrequently stay an action in favor of a pending patent reexamination.

Since *In re TS Tech*, 551, a motion to transfer to a more convenient venue from a Texas court has become a marginally effective defense strategy.<sup>12</sup> Now, as a matter of course, defendants seek transfer of a patent infringement case to a more “convenient” forum. Convenience is rarely a mere issue of geography, but rather a basis for moving the dispute to a less patent friendly forum. From a defendants perspective, less patent friendly describes practically any other forum. Infringement cases seeking transfer in 2008-2009 increasingly sought California as a destination of “convenience.”

A closer look at the 2008-2009 cases however, may reveal more than just a simple transfer strategy, but a two-step tactical technique. This two step process includes a transfer out of Texas, followed by a motion to stay the case pending reexamination in the new forum.

In 2008-2009, close to 50% of transfer requests identified a California court as the more convenient forum. With Silicon Valley companies frequently targeted by non-practicing entities in the Eastern District of Texas, the Northern District of California is a natural choice as a more convenient location. Likewise, one expects less of a “pro-patent” bias based on the local technology based economy. Still, in addition to these obvious benefits to the transfer out of Texas, the seemingly increasing willingness of such courts as the Northern District of California to stay a concurrent litigation pending reexamination may be the greater value to defendants seeking transfer from Texas courts.<sup>13</sup>

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<sup>12</sup> *In re TS Tech*, 551 F.3d 1315 (Fed. Cir. 2008).

<sup>13</sup> For exemplary cases see *Chrimar Systems, Inc. v. Garrettcom, Inc., et al*, No. 2:09-CV-00085 (E.D. Tex. Aug. 27, 2009) (granting motion to transfer to the N.D. Cal); *Mediostream Inc. v. Microsoft Corp*, No. 2:08-CV-00369 (E.D. Tex. Sept. 30, 2009) (denying motion to transfer to the N.D. Cal.); and *Plantronics, Inc. v. Aliph, Inc. et al*, 6:09-CV-00024 (E.D. Tex. Mar. 23, 2009) (granting motion to transfer to the N.D. Cal.).

As noted above, whether or not to stay a patent infringement litigation concurrent with a pending reexamination is a factor based determination. However, the Northern District of California is becoming well known as a favorable forum with regard to staying cases pending reexamination. The mere filing of a reexamination request may suffice to stay a litigation in the Northern District of California.<sup>14</sup>

Recently, in *Spectros Corp. v. Thermo Fisher Scientific*, Judge Armstrong granted defendant's motion to stay the patent litigation of a California based plaintiff corporation pending the outcome of reexamination of the patent-in-suit.<sup>15</sup> In the judge's order, the plaintiff's prejudice argument was rejected, explaining that "the prejudice claimed by the Plaintiff applied equally to any case where reexamination is sought. It is for that reason that court's have found 'that delay inherent in the reexamination process does not constitute, by itself, undue prejudice.' Moreover, Plaintiff ignores that the reexamination process was enacted by Congress to provide certainty in the validity of patent rights and to provide a faster, less expensive remedy than litigation when the validity of a patent is at issue." After weighing the facts, the judge chose to stay the litigation despite the fact that the reexamination proceedings could take five to seven years with appeals to conclude.

In selecting a forum, the plaintiff should analyze the "reexamination friendliness" of the forum. As can be appreciated, depending upon the location and judge of a given federal district court, the odds of a case being stayed can vary significantly. Even after a plaintiff has selected a seemingly desirable forum, the ability of a defendant to transfer from a plaintiff-friendly forum to a forum that is reexamination friendly, such as the Northern

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<sup>14</sup> See *Advanced Analogic Technologies, Inc. v. Kinetic Technologies, Inc.* (Case No. 09-CV-01360). But see *Ultra Products, Inc. v. Antec, Inc.*, No. C 09-04255 (N.D. Cal. Apr. 26, 2010) (denying a stay pending reexamination due to the uncertain reexamination delay and discovery and claim construction already under way).

<sup>15</sup> *Spectros Corp. v. Thermo Fisher Scientific, Inc.*, No. 4:09-CV-01996 (N.D. Cal. Jan. 20, 2010).



District of California, and subsequently seek a stay of the litigation, can be an especially effective technique.

As tactics continue to evolve, the “ITC-End Around” may be the answer to the Texas-Two-Step described above.

**Stay Calculus Relating to the International Trade  
Commission  
 (“ITC End-Around”)**

To date, the ITC mandate to expeditiously adjudicate 337 actions has led to relatively few stays pending reexamination. In some cases, stays have been entered and later reversed by the full Commission.<sup>16</sup> This allows the patentee a further option if their case is stayed pending reexamination in district court.

This technique was utilized by the Plaintiff in *Motiva v. Nintendo*.<sup>17</sup> Motiva originally filed suit against Nintendo for infringement of U.S. Patent 7,292,151 in the U.S. District Court for the Eastern District of Texas. On December 17, 2009, the Federal Circuit issued a writ of mandamus transferring the case to the Western District of Washington. The case was docketed in the Western District of Washington on March 3, 2010, and shortly thereafter Nintendo filed a request with the U.S. Patent and Trademark Office for *inter partes* reexamination of the ’151 patent. Pursuant to Nintendo’s request, the PTO ordered *inter partes* reexamination of the ’151 patent on June 4, 2010, and on June 11, 2010, the district court issued an order staying the case pending reexamination.

Rather than wait for the reexamination to run its course, Motiva filed a complaint with the ITC, adding a second patent, 7,492,268, that was not yet subject to reexamination. The ’268 patent is a direct continuation of the ’151 Patent, but Nintendo did not seek reexamination of this patent. Due to the rarity of a stay pending reexamination in the ITC, it is unlikely that the alleged infringer, Nintendo, will be able to stay the case in the current

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<sup>16</sup> See *In re Certain Semiconductor Chips with Minimized Chip Package Size and Prods. Containing Same*, Inv. No. 337-TA-605 (May 27, 2008).

<sup>17</sup> *In re Video Game Systems and Controllers*, Inv. No. 337-TA-743.

forum of the ITC. A further factor working in favor of a continued investigation is that *inter partes* estoppel of 35 U.S.C. § 315(c) does not apply in the ITC. Thus, the simplification of issues factor seems all the more speculative. Therefore, if a case is stayed pending reexamination, a patentee may still have options to proceed with litigation.

Although seeking a stay pending patent reexamination is perhaps one of the more popular uses for a pre-trial patent reexamination filing, other justifications exist that are just as compelling.

- ***Intervening Rights***

In addition to attempting to stop a litigation by operation of a stay, another major goal of patent reexamination is to force a narrowing of issued claims for non-infringement purposes and/or for creating an intervening rights defense.

Claim amendments made in reexamination proceedings at the USPTO have the potential to create intervening rights. In essence, the doctrine of intervening rights forecloses the recovery of past damages for patent infringement if a claim is amended after issuance of the patent. Reexamination is therefore an attractive vehicle for accused infringers to use to try to limit the damages that they may be liable for.

35 U.S.C. §307, in the context of *ex parte reexamination*, and 35 U.S.C. §316, in the context of *inter partes reexamination*, describe the impact of amending claims in patent reexamination.<sup>18</sup> The above reexamination statutes both incorporate 35 U.S.C. §252, which provides the effects that claim amendments have in creating intervening rights in reissue applications.<sup>19</sup>

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<sup>18</sup> See also, MPEP §§2293, 2693.

<sup>19</sup> “Any proposed amended or new claim determined to be patentable and incorporated into a patent following a reexamination [or *inter partes* reexamination] proceeding will have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into

### **The *Substantially Identical* Standard**

The first paragraph of §252 states that *substantially identical* claims are treated no differently with respect to liability (damages) as original claims.<sup>20</sup> Whether or not claims are *substantially identical* so as to deny or create intervening rights for an accused infringer, however, is a legal issue that courts address.

In *Slimfold Mfg. Co., Inc. v. Kinkead Industries, Inc.*, the Court of Appeals for the Federal Circuit affirmed a holding that amending a claim in reissue directed to a metal door, merely to provide antecedent basis for the “collar” element already recited in the claim, did not substantially amend the claim.<sup>21</sup> The Court was not persuaded by the defendant’s argument that the examiner had insisted that the lack of antecedent basis rendered the claim “vague and indefinite” because it was “impossible to determine whether ‘said collar’ is or is not an element . . . and if it is, how it relates to other elements.” The defendant further argued that the amendment was made in response to a 35 U.S.C. §112, second paragraph, rejection, and was thus necessarily substantive, and that the patentee “so conceded when it changed the claim.”

Of course, 35 U.S.C. §112 rejections of original claim language are not proper in reexamination.<sup>22</sup> Still, in view of

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the United States, anything patented by such proposed amended or new claim, or who made substantial preparation for the same, prior to issuance of a certificate under the provisions of subsection (a) of this section.”

35 U.S.C. §§307(b), 316(b).

<sup>20</sup> It should be noted that the doctrine of *provisional rights*, as created by patent application publication, adopts the *intervening rights* standard. See the House of Representative Report 105-39 accompanying H.R. 400, the “21<sup>st</sup> Century Patent System Improvement Act,” March 20, 1997. The provisional rights provision proposed in H.R. 400 was identical in substance to new 35 U.S.C. §154(d). Consequently, the legislative history of H.R. 400 for that provision is relevant to interpreting 35 U.S.C. §154(d).

<sup>21</sup> *Slimfold Mfg.*, 810 F.2d 1113, 1116, 1 U.S.P.Q.2d 1563, 1566 (Fed. Cir. 1987).

<sup>22</sup> See, MPEP §2258.

*Slimfold Mfg.*, amending a claim merely to address cosmetic matters of form would probably not be interpreted as “substantially” amending the claim in the context of intervening rights.

In *Laitram Corp. v. NEC Corp.*,<sup>23</sup> the Federal Circuit further held that:

When claims are amended during reexamination following a rejection based on prior art, *the claims are not deemed substantially changed as a matter of law* (emphasis added). There is no *per se* rule. To determine whether a claim change is substantive it is necessary to analyze the claims of the original and the reexamined patents in light of the particular facts, including prior art, the prosecution history, other claims, and any other pertinent information.

The *Laitram* court also cited *Tennant Co. v. HakoMinutman, Inc.*,<sup>24</sup> in which “the court held that a claim made more definite by adding a term from the specification, without change in scope, is not substantially changed, and the claims are *legally identical*” (emphasis added). A recent decision in the U.S. District Court for the Southern District of Florida follows this guidance.

In *Aspex Eyewear, Inc., et al., v. Marchon Eyewear Inc., et al.*,<sup>25</sup> the Southern District of Florida Court found that claims changed/added in patent reexamination were in fact *substantially identical* to the previously issued claims. Ordinarily, this would be fantastic news for a patentee, but for Aspex, it was the end of the road.

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<sup>23</sup> *Laitram*, 952 F.2d 1357, 1362-63, 21 U.S.P.Q.2d 1276, 1281 (Fed. Cir. 1991).

<sup>24</sup> *Tennant*, 878 F.2d 1413, 1417, 11 U.S.P.Q.2d 1303, 1306-07 (Fed. Cir. 1989).

<sup>25</sup> *Aspex Eyewear*, No. 0:09-cv-61515-MGC, (S.D. Fla.).

As explained by the court, Aspex previously sued the defendants (Revolution and Marchon) for infringement of U.S. Reissue Patent RE37,545 (reissue of U.S. Patent 5,568,207). Claim 22 of the '545 patent was asserted against both defendants. In 2007, Revolution was found to infringe claim 22, effectively ending the case. Likewise, in 2008, Aspex settled with Marchon, dismissing their claims with prejudice.

An unrelated third party requested *ex parte* patent reexamination of the '545 Patent in 2007. During the reexamination, previously re-issued claim 23 was amended and new claim 35 was added. Upon completion of the reexamination, in 2009, Aspex once again sued Revolution and Marchon for infringement of amended claim 23 and new claim 35.

The court found that the new features provided by amended claim 23 and new claim 35 were in fact already implied by the issued claims. Thus, the court determined that the claim changes resulted in a *substantially identical* claim scope to the previous version of the issued claims. The court explained that Aspex was barred from re-litigating these claims against the previous defendants, reasoning:

*“Identical” does not mean verbatim, but rather means “without substantive change.”<sup>26</sup> “Claims are not interpreted in a vacuum, but are part of and read in light of the specification.” Addition of the words “having a horizontal surface” or “magnetic member surfaces” does not substantively change the scope of the original claim 23, but merely makes the claim more definite.*

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*The Revolution California Action was fully adjudicated on the merits. The dismissal release of the Marchon Settlement made clear that the settlement dismissed with prejudice as to any causes of action “any claim which could have*

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<sup>26</sup> Citing Slimfold Mfg., 810 F.2d 1113, 1115 (Fed. Cir. 1987).

*been had by and between the Parties arising from or connected with” the Marchon California Action. Plaintiffs argue that it [sic] alleged legally separate causes of action in their complaint because claim 23 and claim 35 did not exist at the time the California Actions were being litigated. The reexamination of the ‘545 Patent does not entitle Plaintiffs to circumvent claim preclusion because the amended claims relate back to the original ‘545 Patent reissue date.*

Interestingly, claim 23 was rejected as unpatentable in view of certain prior art during the patent reexamination. The claim was then amended to overcome the art of record with the above noted language; a fact not analyzed by the court. As such, *Aspex Eyewear* may also be cited in the future for the proposition that the amendment of a claim in patent reexamination to avoid the prior art, does not necessarily equate to a substantial change in claim scope.<sup>27</sup>

From these cases, the Federal Circuit seemingly regards the issue of *substantial identity* in the context of intervening rights

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<sup>27</sup> *But see, Kim v. The Earthgrains Co., k/n/a Sara Lee Bakery Group, Inc.*, No. 01-cv-3895, (N.D. Ill. Feb. 18, 2010). In *Kim*, the United States District Court for the Northern District of Illinois decided the issue of whether changing the transitional phrase of a patent claim during reexamination could trigger intervening rights. The record of the reexamination proceedings showed that the examiner believed that the transitional phrase amendments were necessary to overcome the then-outstanding prior art rejections. The court determined that changing the transitional phrase meant that “the class of additional elements which may be added to the inventions in [the amended claims] has been changed from ‘elements which do not materially affect the basic and novel properties of the invention’ to ‘elements which are unrelated to the invention or are unavoidable impurities.’” In other words, the transitional phrase “consisting of” did not encompass the scope of the original claims, which used the transitional phrase “consisting essentially of.” Accordingly, the court concluded that the claims in the certificate of reexamination were not *substantially identical* to the originally issued claims.

as decided using a case-by-case analysis, based on a claim comparison made in light of the specification, the prosecution history, other claims, the prior art, and even extrinsic evidence, such as expert testimony.

### **Types of Intervening Rights**

The latter half of 35 U.S.C. §252 presents two flavors of intervening rights applied to the context of reexamination: absolute intervening rights and equitable intervening rights.

The doctrine of absolute intervening rights requires that claims of the reexamination that are not *substantially identical* to those of the original patent, cannot lead to liability for any infringement pre-dating the newly added/amended claims of the reexamination.

The doctrine of equitable intervening rights, which a court “may provide” under §252, is judicially administered in accordance with the principles of equity to protect business investments made prior to the issuance of the newly added/amended claims.

### **Claim Construction and Intervening Rights**

With the surge in patent reexamination concurrent with litigation, the Federal Circuit’s intervening rights jurisprudence appears to present a very interesting scenario with regard to the different claim interpretation standards of the two forums.<sup>28</sup>

Consider the following hypothetical situation:

A patent is made subject to reexamination after a Markman Order has issued from a Federal District Court. In the Markman Order, the legal meaning of the patent term “network” is defined as an “ethernet network” based upon the context of the specification, prosecution history, etc. Immediately after the Markman ruling, the case is stayed pending the outcome of reexamination proceedings. Of course, as stated in *In re Trans*

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<sup>28</sup> See *supra* Part Enhanced Claim Construction.

*Texas Holdings Corp.*,<sup>29</sup> the USPTO does not have to follow the construction in the Markman Order, and instead, utilizes a broadest reasonable claim interpretation to arrive at a more general interpretation of “network.” For argument’s sake, also assume that “ethernet network” is distinguishing over the prior art considered during the reexamination proceeding. Rather than spend years appealing the reasonableness of the broader interpretation in reexamination, delaying the district court case, the patent holder may simply elect to amend the claims to recite “ethernet network.”

In such a case, the argument can certainly be advanced that the amended claims are *legally identical* to the originally issued claims as defined in the Markman Order. To be sure, the court decision effectively defined the term “network” as including the “ethernet” feature. In view of the above case law, that seems to demonstrate that court’s will not find such amendments a substantive change, it may be that this tactic becomes more common place going forward.

Aside from the erasing of past damages provided by an intervening rights defense, defendants may also seek to benefit from enhanced prosecution history/disclaimer made during patent reexamination to benefit an upcoming Markman determination.

- ***Enhanced Claim Construction***

With many courts not considering claim construction (i.e. Markman) for a significant period of time after filing of a compliant, a timely filed patent reexamination is helpful to create additional prosecution history estoppel.

In Federal District Court, patent claims are given a *presumption of validity* under 35 U.S.C. §282, and the standard to invalidate a U.S. patent is *clear and convincing evidence*. In

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<sup>29</sup> In re Trans Texas Holdings, 498 F.3d 1290, 1297, 83 U.S.P.Q.2d 1835, 1840 (Fed. Cir. 2007).



reexamination proceedings, however, unexpired claims are given their *broadest reasonable interpretation* and unpatentability can be established by a mere *preponderance of evidence*.<sup>30</sup>

The divergence in claim interpretation standards applied in Federal District Court and in reexamination draws parties, and particularly accused infringers, to strategically use reexamination. The prosecution history of reexamination is rich ground for parties to mine their claim construction litigation arguments. For accused infringers, reexamination prior to a Markman Hearing presents new opportunities to obtain additional prosecution history disclaimer and/or estoppel, enhanced or additional inequitable conduct positions, and new non-infringement arguments. Although such a third party requestor would be pleased to obtain cancellation of all the claims of a patent in reexamination, the goal of the proceeding may purely be to secure a favorable claim interpretation position.

Patentees also employ tactical use of patent reexamination.<sup>31</sup> Patent owners desiring to add new narrower claims or to amend the issued claims to strengthen the validity of the patent may file a request for reexamination.<sup>32</sup> Accordingly, the patentee may be able to add further claim limitations that will still result in a claim construction that covers the accused device/method. Reexamination therefore affords patent owners with an opportunity to improve their claim construction stance over prior art, a prospect otherwise unavailable to them during litigation.

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<sup>30</sup> See, MPEP §§2286, 2686.04; see also, 37 C.F.R. 1.555(b)(2)(ii).

<sup>31</sup> “Any person at any time may file a request for [*ex parte*] reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title.” 35 U.S.C. §302.

<sup>32</sup> “[T]he patent owner shall be permitted to propose any amendment to the patent and a new claim or claims, except that no proposed amended or new claim enlarging the scope of the claims of the patent shall be permitted.” 35 U.S.C. §§305, 314(a).

### Using Reexamination as an Ongoing Court Record

The confirmation of the original claims in patent reexamination (i.e., allowance without amendment) is highly desirable for patentees to maintain the availability of past damages.<sup>33</sup> However, a successful reexamination from an accused infringer's perspective does not always result in an overt claim change or cancellation. In other words, even where claims are confirmed, statements in the reexamination record that are inconsistent with arguments made in a concurrent litigation, or that rise to the level of an outright disclaimer, may influence claim construction in litigation. *Beneficial Innovations, Inc. v. AOL, LLC. et al.*,<sup>34</sup> is illustrative.

In *Beneficial*, the claims (of U.S. Patents 6,183,366 & 6,712,702) asserted in the district court infringement action relate to an interactive informational service in which "unrequested" advertising presentations are delivered to a network node.

In their Markman briefing, the patentee asserted that unrequested defined "not requested by the user." The defendant contended that unrequested defined "not sent in response to a signal from a user's computer." As can be appreciated, the defendant's definition would exclude search engine products delivering advertisements in response to a search query (i.e., the alleged infringing products), and the patentee's definition would cover the alleged infringing products.

Initially, the court sided with the patentee, that is until a statement made in reexamination caused the court to reverse course.

An *ex parte* patent reexamination (90/009,593) was filed against the '366 Patent on October 6, 2009, concurrent with litigation. In a response filed in the reexamination one week prior to the Markman Order, the patentee distinguished the art by stating:

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<sup>33</sup> See *supra* Part *Intervening Rights*.

<sup>34</sup> *Beneficial*, No. 2-07-cv-00555 (E.D. Tex. June 3, 2010, Memorandum Opinion & Order) (Ward, J.).

There is no teaching of providing “unrequested” advertising (*e.g., advertising that just appears and is not in response to any immediately previous user input, e.g. a pop-up ad*)... (emphasis added).

In other words, the patentee seemed to define the term “unrequested” in the reexamination consistent with the definition advanced by the defendant in reexamination. The defendant promptly pointed this inconsistency out to the judge.

Curiously, rather than mooting the issue by rescinding any perceived disclaimer with a supplemental filing in the reexamination, the patentee instead chose to argue to the court that the use of “e.g.,” made clear that the statement was only an example.<sup>35</sup> This tactic clearly did not sit well with the judge, backfiring on the patentee. Not surprisingly, the judge reversed the earlier claim construction in favor of the defendant in a revised Markman Order.

In justifying the reversal, the court cited case law relating to the consideration of reexamination events in district court proceedings.<sup>36</sup> The court concluded that the case law supported that reexamination proceedings were fair game for guidance in claim construction issues.

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<sup>35</sup> See, Springs Window Fashions LP v. Novo Indus., L.P., 323 F.3d 989, 995 (Fed. Cir. 2003) (“If the applicant mistakenly disclaimed coverage of the claimed invention, then the applicant should have amended the file to reflect the error, as the applicant is the party in the best position to do so. The applicant, however, never retracted any of his statements . . .”).

<sup>36</sup> Namely, the court cited, Tesco Corp. v. Weatherford International, Inc., — F. Supp. 2d —, 2010 WL 1443540, \*4 (S.D. Tex. 2010); and Proctor & Gamble Co. v. Kraft Foods Global, Inc., 549 F.3d 842, 848 (Fed. Cir. 2008). In Tesco, identification of structure for interpreting a means plus function claim was provided in reexamination and used in the district court proceeding as a form of fact admission. In Proctor & Gamble, the court discussed the relevance of confirmed claims in a preliminary injunction analysis. Interestingly, neither of these cases appears to apply a statement of an ongoing record as a clear and final disavowal of claim scope.

### Self-Serving Statements?

In *Beneficial*, the judge refused to disturb his late adoption of the defendants' claim construction based on the perception that the timing of the patentee's statement evidenced a deliberate attempt to game the system. Judge Ward summarized the issue as:

Plaintiff argues that "[t]his patent holder's statement to the PTO regarding its definition of the phrase "input by the user" is binding in this litigation." (Dkt. No. 273 at 8.) The Court disagrees. The Court rejects this attempt by Plaintiff to alter the Court's construction of "unrequested" by making after-the-fact, self-serving statements to the USPTO in reexamination. To allow Plaintiff's argument to succeed would open the door for "gamesmanship" where patentees could take advantage of reexamination to alter the Court's construction of disputed claim terms after the Court has issued its construction.

As to gamesmanship, the reexamination at issue in *Beneficial* was requested roughly two years after the initial complaint. A further request for *ex parte* patent reexamination (90/011,117) was recently filed on July 27, 2010. Thus, the defendants do not appear to have much room to complain in this regard. *Beneficial* may thus have a good chance of sorting this out on appeal to the Court of Appeals for the Federal Circuit. Still, imprecise wording in patent reexamination can amount to a very expensive misstep.

Self-serving claim remarks made in reexamination are also at issue in the United States District Court for the Eastern District of Michigan, in *Dura Global v. Magna Donnelly*.<sup>37</sup> In 2007, Dura filed a complaint against Magna accusing it of infringing two patents (U.S. Patents 5,724,769 & 6,766,617) for power slidable

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<sup>37</sup> Dura Global, No. 2:07cv10945-SFC-MKM (E.D. Mich. Oct. 25, 2010 Opinion and Order Construing Disputed Claim Terms) (Cox, J.).

rear windows in cars. The '769 patent recites that the rear window includes a cable directional block with a “curved internal passageway.” Magna argued that the feature means “serpentine in shape (S-shaped).” Dura advanced a broader claim construction that would additionally encompass “pulleys.”

In October and December of 2009, Magna requested *ex parte* reexamination proceedings (90/009,609 for the '617 patent and 90/009,621 for the '769 patent). During the reexamination of the '769 patent, Dura traversed a prior art rejection, stating in part that “[w]hile the required cable directional block(s) *can include pulleys*, [the prior art’s] conduit-less system does not provide at least one of the advantages of the illustrated embodiments” (emphasis added).

In its August 9, 2010 supplemental claim construction brief, Magna argued that the statement is self-serving and should be given little weight while litigation is pending. Judge Cox disagreed, finding that by “this statement, Dura is making clear in the reexamination proceeding that pulleys can fall within the scope of a cable directional block with a curved internal passageway.” Stated differently, Dura acknowledged that the prior art pulley satisfied the “serpentine in shape (S-shaped)” limitation, and sought to distinguish the prior art on the basis of additional claim limitations.

To the judge, Dura’s “statement in the prosecution history was relevant to the office action received in the reexamination proceeding and does not appear to be a blatant attempt to affect these claim construction proceedings.” The judge concluded that “the Court is not convinced that Dura’s statement in the examination proceeding was self-serving in the sense of being directed at affecting this litigation.”

Judge Cox, however, reached the opposite conclusion with respect to Dura’s remarks in the reexamination of the '617 patent. In this patent, the claim limitation of “opposed flanges” was in dispute. Dura cited a statement it made in the reexamination of the '617 patent that purported to “clarify” the meaning of the “opposed flanges” limitation, to support its claim construction position.

The judge did not buy Dura's clarification argument in this context. Here, the judge found that "Dura's statement was directed at affecting this litigation" because no pending prior art rejection of the claim existed, and the only outstanding issue was the examiner's objection to typographical errors. Dura's self-serving clarification statement was not relevant to the reexamination and therefore was likely intended to affect the litigation.

- ***Inequitable Conduct (Bolstering Materiality)***

A further pre-trial use of patent reexamination is securing feedback from the USPTO on the materiality of previously withheld references.

The affirmative defense of inequitable conduct is commonplace in most patent disputes. Indeed, many have labeled this defense a "plague" due to its over-use by defendants. The prevalence of inequitable conduct before the district courts is especially debated on the eve of the CAFC *en banc* review in *Therasense Inc., v. Becton Dickinson and Co.* At issue in *Therasense* is the very foundations upon which an inequitable conduct defense is built. The CAFC will consider the degree of materiality necessary, as well as the degree to which intent may be inferred.

A key issue under consideration by the CAFC in *Therasense* is:

*What is the proper standard for materiality? What role should the United States Patent and Trademark Office's rules play in defining materiality? Should a finding of materiality require that but for the alleged misconduct, one or more claims would not have issued?*

As an affirmative defense inequitable conduct must be plead with particularity, no matter what the CAFC decides in *Therasense*. Likewise, materiality is determined from the perspective of a reasonable examiner. So, why not just have the USPTO demonstrate what they would have done in the form of an office action in patent reexamination?

As Judge Folsom explained in striking an inequitable conduct defense in *TiVo v Verizon Communications* on October 28th, the perspective of what might have happened in examination can be fairly detailed:

*[T]he Federal Circuit held that for “pleading inequitable conduct in patent cases, Rule 9(b) requires identification of the specific who, what, when, where, and how of the material misrepresentation or omission committed before the PTO.” Id at 1327. The “who” of the material omissions and misrepresentations concerns those individuals with a duty of candor and good faith in dealing with the Patent and Trademark Office (“PTO”). Id. at 1329. The “what” and “where” of the material omissions relate to “which claims, and which limitations in those claims, the withheld references are relevant to, and where in those references the material information is found[.]” Finally, a pleading needs to state the “particular claim limitations or combination of limitations that are supposedly absent from the information of record. Such allegations are necessary to explain both ‘why’ the withheld information is material and not cumulative, and ‘how’ an examiner would have used this information in assessing the patentability of the claims.” (citing Exergen Corp. v. Wal-mart Stores, Inc., 575 F.3d 1312 (Fed. Cir. 2009)).*

The filing of a request for patent reexamination parallel with litigation provides significant benefits aside from simply attacking the validity of an issued patent. With *Theresense* perhaps making the defense of inequitable conduct a bit more challenging in the near term, it may be that office actions in patent reexamination will be increasingly valued as road maps to demonstrating materiality.

- ***Willfulness***

An ongoing patent reexamination may indicate objectively reasonable behavior.

*i4i Limited Partnership and Infrastructures for Information Inc v. Microsoft Corp*, (E.D. Tx no. 07-CV-113) is now before the Supreme Court. The appeal will examine the propriety of utilizing a clear and convincing standard to prove invalidity of a U.S. Patent based upon prior art that was never before the USPTO.

A request for patent reexamination was filed against the i4i patent in early 2009. Despite the fact that the Texas suit was initiated in early 2007, a request for reexamination was not filed until some 20 months later. In Texas, stays are not as commonly granted for patent reexaminations. Clearly, Microsoft determined the odds of obtaining a stay pending reexamination slim, and chose to follow the traditional litigation path; that is, right up until trial.

Based upon the briefing in Texas, the late filing of the reexamination request was primarily to stave of a finding of willful infringement.<sup>38</sup> The thinking being that a granted reexamination request would tend to support Microsoft's argument in the litigation that a good faith belief existed with respect to non-infringement and, thus, Microsoft could not have been acting in an objectively unreasonable manner. This tactic has been used in the past for the purpose of demonstrating objectively reasonable behavior, and perhaps to a lesser extent, to get evidence of patent reexamination before a jury. *TGIP, Inc. v. AT&T Corp.*, 527 F.Supp.2d 561, 579 (E.D. Tex. 2007). The court in this instance did not seem to consider the reexamination filing as especially pertinent. The request was ultimately overcome by the Patentee without amendment.

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<sup>38</sup> See 2009 U.S. Fed. Cir. Briefs 1504



### **III. Post Trial**

Even once trial is complete, there are still several benefits to an ongoing patent reexamination. As noted below, an ongoing patent reexamination may help avoid an injunction.

- ***Avoiding Injunctive Relief***

In arguing against an equitable remedy such as injunctive relief, defendants have sought to leverage patent reexamination to demonstrate a question as to the likelihood of success as to validity.

Recently, Apotex was enjoined from sale of a generic Plavix® until after the patent expires. In attempt to dislodge the injunction, Apotex requested patent reexamination. The first reexamination was terminated favorably to the Patentee and the second was recently denied; Apotex has been unable to dislodge the injunction to date. However, defendants have successfully leveraged a final rejection in patent reexamination to *stay* the enforcement of a permanent injunction.

#### ***Enforcement of Injunction Stayed in View of Patent Reexamination***

In *Flexiteek v. Plasteak*, (S.D. Fla. 2010) (Cohn, J.), the district court opted to stay the enforcement of the permanent injunction based upon the status of the related patent reexamination. At trial, Plasteak was found to infringe the subject patent (6,895,881), and held liable for a paltry \$79K in damages, but was to be enjoined from further infringement by operation of permanent injunction.

Currently, the original claims of the ‘881 Patent stand finally rejected, however, new claims added during prosecution of the reexamination stand allowed (Advisory Action of 7/1/10).

In arguing against staying the injunction, Flexiteek pointed out that the patent was not “declared invalid” as stated by the

defendants and that years of appeal lay ahead. Flexiteek also noted the existence of the allowed, new claims, and explained that as these new claims contained only minor changes, there would be no intervening rights—thus—Flexiteek argued that the injunction should be entered since the specific rejected claims are largely irrelevant. Not surprisingly, the defendants argued the exact opposite, taking the position that intervening rights would be found based upon the claim changes.

In deciding to stay the enforcement of the injunction, the court labeled the new claim issue as “speculative” and noted the unfairness of enjoining the defendant from infringing a patent “declared invalid,” holding:

*The Court finds that the arguments set forth above are speculative. The current circumstances before this Court are that Defendants’ actions are being restrained by a patent which has been declared invalid by the PTO. Accordingly, the Court will not entertain arguments now based on what the parties believe the future may hold. Should the circumstances change in the future, the Plaintiffs make seek relief on the basis of such facts. Defendants are aware of the reexamination proceedings as well as the proposed amendments. The Court concludes that the PTO’s proceedings should govern Defendants’ actions rather than the Court’s Permanent Injunction which is based on a patent which has been declared invalid.*

As the damages for past infringement are \$79k, the real value to the plaintiff seems to be the keeping the defendant out of the market going forward (injunction). Thus, whether or not the new claims would be entitled to past damages (i.e., no intervening rights) seems largely unimportant for such an inconsequential dollar amount. However, should the court deem that the new claims require further construction the basis for the injunction may be undermined, requiring a new trial, discovery, etc. (the true rationale behind the intervening rights argument in the briefing)

- ***Avoiding Judgment/Impacting the Invalidity Case***

With most patent reexaminations being conducted concurrent to a district court or ITC proceeding, a common question of such plaintiffs is “what becomes of the patent reexamination once the litigation settles?”

In the case of *ex parte* patent reexamination, the answer is simple, the reexamination continues unaffected.

In re Translogic Tech., Inc., 504 F.3d 1249 (Fed. Cir. 2007) considered an appeal of a USPTO rejection in *ex parte* reexamination. Interestingly, an appeal from a district court case finding the same patent valid an infringement was heard at the CAFC on the same day. The affirmance of the USPTO rejection wiped out a the jury verdict of the district court of \$86.5 million dollars (District Court for the District of Oregon). The CAFC vacated the ruling of the district court based on the USPTO invalidity finding.

***Inter Partes Estoppel does not Apply Until a Claim is Finally Determined to be Valid and Patentable.***

On the other hand, if the pending reexamination is an *inter partes* patent reexamination, estoppel considerations may impact both pre-trial and post trial proceedings. Of course, a *final* holding of invalidity in *inter partes* reexamination has the ability to derail the plaintiff’s case, much like in the *Translogic* example above.

However, unlike *ex parte* reexamination a final holding of “not invalid” will constrain the plaintiff’s use of prior art that was “raised or could have been raised” in the an *inter partes* patent reexamination.

The statutory phrase “finally determined” is subject to interpretation because § 315(c) does not expressly state whether estoppel attaches when a final office action issues or when a certificate of reexamination issues, for example. Because a final office action does not necessarily preclude a patent owner from amending claims, the practical application of the phrase “finally determined” will most likely mean when a certificate of

reexamination issues, or after a notice of intent to issue a certificate of reexamination issues and all appeals have been exhausted. *See, e.g., Safoco, Inc. v. Cameron Int'l Corp.*, No. 05-0739 (S.D. Tex. July 31, 2009) (concluding that § 315(c) estoppel does not attach until the Office issues a reexamination certificate). Thus, when patentability is not “finally determined,” a third-party requester may be able to present in a parallel litigation the same invalidity arguments that it has presented in a parallel inter partes reexamination proceeding.

### **The Race to the Finish Line**

As noted above, if the Patentee is successful in an *inter partes* patent reexamination, a third party is estopped from asserting in litigation 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.” 35 U.S.C. § 315(c). The estoppel provision of § 315(c) applies not only to a “third-party requester” but also possibly those in privity with the third-party requester as a real party-in-interest. As such, documents such as joint defense agreements may come back to haunt a defendant that has been riding the coat tails of another with respect to an *inter partes* patent reexamination filing.

Because a request for inter partes reexamination can only be based on patents and printed publications, prior art that is neither a patent nor a printed publication is fair game in an invalidity defense in a subsequent or ongoing litigation proceeding involving the same reexamination challenger. This issue was analyzed in the case of *ACCO Brands, Inc. v. PC Guardian Anti-Theft Products, Inc.* In that case, the court determined that “estoppel does not apply to grounds for invalidity based on prior art that was not and could not have been before the PTO.” The plaintiff sought to prevent the defendant from using physical samples of computers as a basis for invalidity because the defendant had relied upon printed brochures for those computers as a basis for inter partes reexamination, which resulted in the confirmation of all claims of the plaintiff’s patent. The court

declined to invoke the estoppel provision of § 315(c) to prevent the defendant from relying on the physical computers as evidence of invalidity because the computers were not patents or printed publications – the only type of prior art that the Patent Office considers during reexamination – and they raised new issues with respect to the novelty of certain claim limitations.

***Inter Partes* Patent Reexamination Estoppel Does Not Apply to  
Prior art Deemed “Unavailable”**

The language of § 315(c) prevents estoppel from operating with respect to “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.” This exception can be viewed as a specific statutory example of invalidity grounds that fall outside the “could have raised” language in § 315(c), but it is significant enough to warrant separate discussion. Clearly, there is no estoppel under § 315(c) if a particular patent or printed publication did not exist at the time of the inter partes reexamination proceedings, and clearly there is estoppel if the third-party requester had actual knowledge of a particular patent or printed publication. In between those extremes, there is little guidance from the case law as to what constitutes “unavailable” prior art.

The conference reports pertaining to § 315 appear to impose an actual knowledge requirement for prior art to be considered unavailable: “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.” H.R. Rep. No. 106-464 (November 9, 1999). The Patent Office however, has taken a view that is less accommodating to third-party requesters. Under the Patent Office view, a court, depending on the particular facts and circumstances, can exclude prior art that could have been discovered through a diligent search for prior art. USPTO Report to Congress on Inter Partes Reexamination at 6; Official Gazette 1234:97 (May 23, 2000).

In practice, a court is more likely interpret the phrases “could have raised” and “unavailable” broadly to include prior art that could have been discovered through a diligent search. Such a policy serves to conserve judicial resources by reducing the number of invalidity issues that can be raised in litigation and serves to provide a quid pro quo for an accused infringer seeking to stay litigation pending the results of inter partes reexamination. If a third-party requester is permitted to deliberately remain ignorant of patents and printed publications that would otherwise be discovered through a diligent search, then there is less incentive for the court to grant a stay of litigation because inter partes reexamination could not eliminate from the litigation the patents and printed publications that the accused infringer uncovers at the conclusion of the inter partes reexamination proceedings. Thus, a third-party requester is well-advised to perform an exhaustive search for prior art prior to requesting inter partes reexamination or risk being estopped from relying on late-discovered prior art in litigation.

### **The ITC is Not Subject to *Inter Partes* Patent Reexamination Estoppel**

As ITC actions become increasingly utilized for their expediency in reaching a conclusion and obtaining a form of injunctive relief post-*Ebay* (i.e., exclusion order), further consideration should be given to the applicability of 315(c) estoppel to Federally created Agencies.

Specifically, § 315(c) provides:

“[a] third party requester...is estopped from asserting at a later time, in any civil action arising in whole or in part under section 1338 of title 28, 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.”

Importantly, this estoppel provision is explicitly limited to “civil action[s] arising in whole or in part under section 1338 of

title 28.” Section 1338 of title 28, in turn, merely provides that “[t]he district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks.” In other words, 28 U.S.C. § 1338 gives original jurisdiction over patent cases to the Article III district courts, but says nothing about Article I courts, such as the ITC. Accordingly, the inter partes reexamination estoppel provision of 35 U.S.C. § 315(c) only applies to civil actions in the district courts, and does not apply to ITC investigations.

Since the inter partes reexamination estoppel provision does not apply to ITC investigations, respondents are free to raise the same invalidity arguments in both fora — in effect, to get two bites at the apple.

This means that respondents in Section 337 investigations at the ITC should consider the potential benefits to be gained by initiating a concurrent *inter partes* reexamination proceeding at the USPTO. While the odds of obtaining a stay of ITC proceedings in favor of a concurrently filed reexamination proceeding is for the most part, unlikely, the ability of the reexamination requester to actively participate in the reexamination may lead to the creation of intervening rights, prosecution history estoppel, and non-infringement positions relative to the patent at issue. In this way, the requesting party may offer to “back out” of participation in the reexamination as part of an overall settlement strategy; thereby leading the Patentee in a much favorable position to recover the patent based on published statistics of the USPTO.

### **III. Conclusion**

The USPTO has greatly improved the responsiveness and efficacy of patent reexamination. Based upon this enhanced administrative processing, the advent of *inter partes* reexamination, changes to the SNQ standard (i.e., *In re Swanson*, 2002 legislative overrule of *Portola Packaging*), and the heightened demand to combat non-practicing entities, patent reexamination has become an attractive adjunct to traditional litigation practices. Indeed, whether leveraged as a parallel track

procedure, or utilized in a more traditional role as potential alternative to costly patent litigation, patent reexamination has become an integral component to any infringement defense strategy.