

PATENT REEXAMINATION DECISION MAKING

By Robert H. Resis, Esq.¹

I. INTRODUCTION

The patent reexamination process was enacted on December 12, 1980.² It is designed to resolve issues of patent validity of issued patents based on prior art patents and/or printed publications.³ A request for reexamination need only raise a “substantial new question of patentability” affecting at least one patent claim.⁴

On November 2, 2002, legislation was enacted to overrule *In re Portola Packaging*, 110 F.3d 786 (Fed. Cir. 1997) wherein the Federal Circuit had held that a rejection made during reexamination must be supported by more than just prior art previously considered by the PTO in the original prosecution prior to patent issuance.⁵ Under current law, the “existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the Office or considered by the Office.”⁶

Anyone can file a request for patent reexamination of a non-expired patent.⁷ Thus, some accused infringers have filed reexamination requests in an attempt to knock out and avoid the burden of proving a patent is invalid under the clear and convincing standard at trial.

A number of patent owners have also filed reexamination requests to remove prior art clouds raised by accused infringers. When the U.S. Patent Office has twice affirmed the patentability of the claimed invention – first in the original prosecution and second in the reexamination – an accused infringer will have an extremely difficult time of proving by clear and convincing evidence that the patent claims are invalid.

The strategic decision of whether to file a reexamination request should be made on a case-by-case basis, including an analysis of: (1) the patent claims; (2) the teaching of the “new” prior art over the “old” prior art already considered by the PTO in the original prosecution; (3) the accused products/methods; (4) the availability of non-infringing alternatives; (5) the ability of others to design around the patent claims and avoid infringement; and (6) current or anticipated litigation.

While a strategic decision of whether to file a reexamination request must be made on case-by-case basis, there is objective information that patent owners and third parties would likely find helpful in making this important decision. More specifically, the U.S. Patent Office publishes on a periodic basis the statistical outcomes of past requests for and dispositions of reexaminations.⁸ Statistical outcomes of past patent infringement cases are also available.⁹

This article reviews available objective information and discusses two other aspects important in deciding whether to file a reexamination request: (1) the timing of a reexamination request; and (2) reason(s) to file the reexamination request.

II. REEXAMINATION AND PATENT CASE STATISTICS

Every June and December, the U.S. Patent Office publishes its reexamination statistics. These statistics can be obtained by simply contacting the U.S. Patent Office and requesting the most recent publication of Ex Parte Reexamination Filing Data and Inter Partes Reexamination Filing Data. The statistics are likely to be surprising in view of the fact reexamination proceedings are handled by the U.S. Patent Office with

“special” dispatch and were enacted by Congress to provide a procedure that could settle validity disputes more quickly than litigation.

III. EX PARTE REEXAMINATION

The average and median pendency between ex parte reexamination request filing date and ex parte reexamination certificate issue date is 21.3 months and 16.7 months, respectively (Ex Parte Reexamination Filing Data – December 31, 2003), not including the time for any appeal.¹⁰ The filing of ex parte reexaminations breaks down as follows: patent owners – 43%, other members of the public – 55%; and the Commissioner – 2%. Ninety-one percent (91%) of reexamination requests are granted by the PTO.¹¹ When a patent owner files a request for reexamination, 93% of the time all of the patent claims are confirmed as valid or at least one claim issues with changes.¹²

Third party requesters cannot take much comfort when they file a request for reexamination – 88% of the time all of the patent claims are confirmed as valid or at least one claim issues with changes.¹³ Further, when the PTO grants a third party requester’s reexamination request, the PTO ultimately confirms all of the claims in 30% of its final reexamination determinations.¹⁴ Thus, in only a relatively small number of reexaminations do third party requesters ultimately “knock out” patents completely.

Case law statistics show that at trial the odds of accused infringers are somewhat better than in *ex parte* reexamination. In 33% of past cases the accused infringers obtained a finding of patent invalidity.¹⁵

Pre-trial, however, accused infringers have obtained a higher success of proving patent invalidity on a dispositive motion – district court judges invalidated patents before trial on dispositive motion in 72% of the cases decided on the validity issue.¹⁶

Statistically speaking, accused infringers have also done better when they have filed a declaratory judgment action as opposed to waiting to be sued – accused infringers obtained a judgment after trial of patent invalidity 50% of the time in cases filed by an accused infringer, but only 29% in cases filed by the patent owner.¹⁷

Based strictly on these numbers, a non-patent owner should avoid filing an ex parte reexamination request based on prior art. Rather, a non-patent owner should develop its best invalidity position as soon as possible, and if the patent owner has charged infringement, the non-patent owner should file a declaratory judgment action and file a summary judgment motion of patent invalidity.

IV. INTER PARTES REEXAMINATION

It remains to be seen whether accused infringers will have greater success in more recently permitted optional “*inter partes*” reexamination proceedings.¹⁸ Inter partes reexamination can only be sought for patents based on applications filed on or after November 29, 1999.¹⁹ There are two express advantages to a third party requester in an inter partes reexamination over that of an ex parte reexamination: (1) each time a patent owner files a response to an action on the merits, the third party requester has one opportunity to file written comments within 30 days addressing issues raised by the action of the Office or the patent owner’s response thereto; and (2) the third party

requester can also appeal with respect to any final decision favorable to the patentability of an original or proposed amended or new claim of the patent.

There are several disadvantages to a third party requester who initiates an inter partes reexamination: (1) the third party requester must disclose its identity; (2) the third party requester can file only one reexamination against a patent; (3) the third party can only file a written response after a response filed by the patent owner, and has no right to an interview or oral presentation as does the patent owner; (4) the 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 (but the third party is not estopped from asserting invalidity based on newly discovered prior art unavailable to the third party requester and the PTO at the time of the inter partes reexamination proceedings); and (5) once an order for inter partes reexamination has been issued, the patent owner “may obtain a stay of any pending litigation which involves an issue of patentability of any claims of the patent which are subject to the reexamination order, unless the court . . . determines that a stay would not serve the interests of justice” – thus, giving the patent owner the power to obtain a stay in the case while damages for continued alleged infringement continue to accumulate.

To-date, only thirty-three (33) inter partes reexaminations have been filed,²⁰ and only one (1) inter partes reexamination certificate has issued – with all of the claims canceled.²¹ Clearly, one data point is of little value. Moreover, in this inter partes reexamination, the patent owner did **not** file a response to the first and only Office Action, so the adversarial aspects of inter partes reexamination were not tested.

Interestingly, this “uncontested” inter partes reexamination still took 14.7 months from the time the reexamination request was filed until the issuance of the reexamination certificate canceling all seven (7) claims of the patent. This lengthy time shows that “special dispatch within the Office” is well over a year even in an uncontested inter partes reexamination.

V. FILE THE REEXAMINATION REQUEST AS SOON POSSIBLE

In general, the decision on whether to file a request for reexamination should be made as soon as possible after a patent infringement dispute appears likely or has already arisen. Because reexaminations are based on prior patents and printed publications, all of which were and are presumably readily available, an accused infringer should promptly search for and closely consider identified references when a dispute is likely or has arisen. Even if an accused infringer does not file a reexamination request, the prior art search will allow the accused infringer to assess the merits of its case early, and may be a basis for an opinion of counsel and good faith reliance on that opinion to rebut a charge of willful infringement.

An early reexamination request will also benefit a likely or already accused infringer in two key areas – to defeat a motion for preliminary relief by the patent owner, and to be a basis to stay litigation until the conclusion of the reexamination. A court will be more likely to deny a patent owner preliminary relief if the U.S. Patent Office has ruled that the prior art gives rise to a “substantial question of patentability.” A court is also more likely to stay litigation pending a reexamination early in a case as opposed to a late stage of a case.

A patent owner will also benefit from an early reexamination request, as shown by the fact that they file 43% of all reexamination requests. When a patent owner is considering a reexamination request, it is usually when an accused infringer has asserted invalidity based on a prior patent(s) or printed publication(s). Pre-litigation, the patent owner can file the reexamination request and seek to have the U.S. Patent Office affirm the validity of the claims over the newly cited prior patents and publications. In the event that the U.S. Patent Office affirms the validity of patent claims that are being infringed, the patent owner will obviously have a stronger case against the infringer than if there had been no reexamination. The reexamination request can also be a basis for staying a declaratory judgment action filed by the accused infringer until after resolution of the reexamination. However, if a reexamination is pending in the U.S. Patent Office, it will be unlikely that a court will grant preliminary injunctive relief to a patent owner.

“In determining whether to grant a stay, courts have considered the following factors: (1) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party; (2) whether the stay will simplify the issues in question and trial in the case; and (3) whether discovery is complete and whether a trial date has been set.”²² Other factors that courts may look to in deciding whether to stay litigation pending reexamination include whether the parties have exchanged expert reports, the case is nearly ready for trial, and the accused infringer sought other delays, such as a request to bifurcate and stay damages.

The bottom line is that a court typically weighs the purported advantages of a stay against the purported harm to the non-moving party and court’s desire to resolve the case itself and move the case off of its docket (which a stay does not do).

“The following advantages have been found to result from a stay of district court proceedings pending completion of reexamination proceedings:

1. All [printed publication] prior art presented to the Court will have been first considered by the PTO, with its particular expertise;
2. Many discovery problems relating to [printed publication] prior art can be alleviated by the PTO examination.
3. In those cases resulting in effective invalidity of the patent, the suit will likely be dismissed.
4. The outcome of the reexamination may encourage a settlement without further use of the Court.
5. The record of the reexamination would likely be entered at trial, thereby reducing the complexity and length of the litigation.
6. Issues, defenses, and evidence will be more easily limited in pre-trial conferences after a reexamination.
7. The cost will likely be reduced both for the parties and the Court.”²³

A party opposing the stay will need to show that these purported advantages will not or are unlikely to be achieved by a stay and/or are outweighed the harm from the stay. As previously noted, the average time for patent reexamination is over 21 months, and this already lengthy time period does not account for the time of any appeal.²⁴ Thus, “courts are inclined to deny a stay when the litigation is at a later stage, such as when the case has been set for trial and the discovery phase has almost been completed.”²⁵

If a request for a stay is deemed by the court to be a dilatory tactic or unduly prejudice the non-moving party, the court will likely deny the requested stay. “To allow [a defendant] to now use the reexamination process to have the case stayed would be to allow [the defendant] to use the reexamination as a mere dilatory tactic.”²⁶

Further, if the court concludes that a request for a stay will not simplify the issues to be tried, the court will likely deny the requested stay. Thus, when it appears to the court that at least one asserted claim will survive reexamination, the court will likely deny the stay. In addition, the PTO has no jurisdiction to consider prior public use in relation to a reexamination request. As a result, the court may conclude that it is the only forum available for a complete consideration of the defendant’s alleged prior art defenses of patent invalidity, and deny the requested stay.

VI. REASONS TO FILE THE REEXAMINATION REQUEST

A likely or already accused infringer will obviously want in the reexamination to have the U.S. Patent Office declare the pertinent patent invalid. However, as noted above, this occurs in only 12% of all reexamination requests filed by third party requesters (*i.e.*, non-patent owners). Even though 88% of reexaminations requested by third party requesters result in at least some claims being issued at the end of a reexamination, there are still some possible benefits to a third party requester, such as an accused infringer.

First, even if a patent survives reexamination, the claims may be have been amended or narrowed to the point where the accused infringer does not infringe the narrower claims as opposed to the broader, pre-reexamination claims. Second, even if

the accused infringer cannot avoid infringement of the narrower claims, the accused infringer can assert intervening rights such that there is no liability until issuance of the reexamination certificate of the narrower claims.

Obviously, a patent owner will want the U.S. Patent Office to declare the patent valid. The patent owner may also want to submit narrower claims in the reexamination and to get them allowed in order to assert those narrower claims against an infringer. Take for example the pre-reexamination situation where the patent has one independent claim that claims elements A, B, and C, and another independent claim that claims elements A, B, and D. If the accused infringer is practicing the invention by using elements A, B, C and D, then the patent owner may want to file for reexamination to add a claim to elements A, B, C and D.

CONCLUSION

Based on the objective statistics, an accused infringer will likely be more successful asserting patent invalidity based on a prior patent or publication by filing a summary judgment motion in litigation than by initiating an ex parte reexamination in the PTO. An accused infringer should have a compelling reason(s) for filing a reexamination request. Accused infringers may fair better in inter partes reexamination than ex parte reexamination, but more data is needed for an accused infringer to make a meaningful comparison between inter partes reexamination and litigation. While patent owners may view an ex parte reexamination proceeding as the way to go to remove an alleged prior art reference, consideration must be made to the length of time the reexamination may take, and its possible impact on litigation and business objectives.

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² 35 U.S.C. § 301 et seq.

³ Patent Reexamination: Hearings on S . 1679 Before the Comm. On the Judiciary, 96th Cong., 1st Sess. 1 (1979).

⁴ 35 U.S.C. § 303.

⁵ H.R. 2215. Public Law 107-273.

⁶ 35 U.S.C. § 303.

⁷ 35 U.S.C. § 302.

⁸ Ex parte Reexamination Filing Data, periodically published by the U.S. Patent Office and available upon request.

⁹ See e.g., “Judges, Juries, and Patent Cases – An Empirical Peek Inside the Black Box, Kimberly A. Moore, Federal Circuit Bar Journal, Vol. 11, No. 2, pages 209-257 (2001).

¹⁰ Ex parte Reexamination Filing Data, December 31, 2003 (attached at the end of this article).

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ “Judges, Juries, and Patent Cases – An Empirical Peek Inside the Black Box, Kimberly A. Moore, Federal Circuit Bar Journal, Vol. 11, No. 2, at page 237 (2001).

¹⁶ John R. Allison & Mark A. Lemley, *Empirical Evidence on the Validity of Litigated Patents*, 26 AIPLA Q.J. 185, 212, table 3 (1998).

¹⁷ “Judges, Juries, and Patent Cases – An Empirical Peek Inside the Black Box, Kimberly A. Moore, Federal Circuit Bar Journal, Vol. 11, No. 2, at page 253, table 8 (2001).

¹⁸ 35 U.S.C. § 311 et seq. and 37 C.F.R. § 1.902 et seq.

¹⁹ 37 C.F.R. § 1.913.

²⁰ Inter Partes Reexamination Filing Data, December 31, 2003 (attached to the end of this article).

²¹ U.S. Patent No. 6,352,486 C1.

²² *Softwview Computer Products Corp. v. Haworth, Inc.*, 56 U.S.P.Q.2d 1633, 1635-36 (S.D.N.Y. 2000).

²³ *Softwview Computer Products Corp. v. Haworth, Inc.*, 56 U.S.P.Q.2d at 1635.

²⁴ Inter Partes Reexamination Filing Data, December 31, 2003 (attached to the end of this article).

²⁵ *Agar Corp. v. Multi-Fluid, Inc.*, 983 F. Supp. 1126, 1128 (S.D. Tex. 1997) (denying stay pending reexamination, “case could be considered to be in later stages of litigation”); *accord*, *Output Technology Corp. v. Dataproducts Corp.*, 22 U.S.P.Q.2d 1072, 1074 (W.D. Wash. 1991) (denying stay pending reexamination, plaintiff “contends that as a small business it will be injured by [defendants’] competition if the trial is delayed,” “discovery is well underway and scheduled for completion,” and “a trial is scheduled”); *Xerox Corp. v. 3Com Corp.*, 69 F. Supp. 2d 404, 407 (W.D.N.Y. 1999) (denying accused infringer’s motion for stay pending reexamination).

²⁶ *Xerox Corp.*, 69 F. Supp. 2d at 407.



UNITED STATES PATENT AND TRADEMARK OFFICE

COMMISSIONER FOR PATENTS
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Ex Parte Reexamination Filing Data - December 31, 2003

- 1. Total requests filed since start of ex parte reexam on 07/01/81 6899
a. By patent owner 2936 43%
b. By other member of public 3804 55%
c. By order of Commissioner 159 2%

- 2. Number of filings by discipline
a. Chemical Operation 2190 32%
b. Electrical Operation 2156 31%
c. Mechanical Operation 2553 37%

3. Annual Ex Parte Reexam Filings

Table with 4 columns: Fiscal Yr., No., Fiscal Yr., No., Fiscal Yr., No. showing annual filing counts from 1981 to 2004 YTD.

- 4. Number known to be in litigation.....1430 21%

- 5. Determinations on requests 6676

- a. No. granted6045.....91%
(1) By examiner 5940
(2) By Director (on petition) 105
b. No. denied631.....10%
(1) By examiner 597
(2) Order vacated 34

6. Total examiner denials (includes denials reversed by Director)				702
a. Patent owner requester			407	58%
b. Third party requester			295	42%
7. Overall reexamination pendency (Filing date to certificate issue date)				
a. Average pendency			21.3	(mos.)
b. Median pendency			16.7	(mos.)
8. Reexam certificate claim analysis:	Owner	3rd Party	Comm'r	
	<u>Requester</u>	<u>Requester</u>	<u>Initiated</u>	<u>Overall</u>
a. All claims confirmed	23%	30%	13%	26%
b. All claims cancelled	7%	12%	19%	10%
c. Claims changes	70%	58%	68%	64%
9. Total ex parte reexamination certificates issued (1981 - present).....				4887
a. Certificates with all claims confirmed			1279	26%
b. Certificates with all claims canceled			477	10%
c. Certificates with claims changes			3061	64%
10. Reexam claim analysis - requester is patent owner or 3rd party; or Comm'r initiated.				
a. Certificates _ PATENT OWNER REQUESTER				2131
(1) All claims confirmed			494	23%
(2) All claims canceled			152	7%
(3) Claim changes			1485	70%
b. Certificates _ 3rd PARTY REQUESTER.....				2557
(1) All claims confirmed			768	30%
(2) All claims canceled			301	12%
(3) Claim changes			1488	58%
c. Certificates _ COMM'R INITIATED REEXAM.....				129
(1) All claims confirmed			17	13%
(2) All claims canceled			24	19%
(3) Claim changes			88	68%



Inter Partes Reexamination Filing Data - December 31, 2003

1. Total requests filed since start of *inter partes* reexam on 11/29/99 33

2. Number of filings by discipline

a. Chemical Operation	8	24%
b. Electrical Operation	10	30%
c. Mechanical Operation	15	46%

3. Annual Reexam Filings

<u>Fiscal Yr.</u>	<u>No.</u>	<u>Fiscal Yr.</u>	<u>No.</u>	<u>Fiscal Yr.</u>	<u>No.</u>
2000	0	2002	4	2004	7 YTD
2001	1	2003	21		

4. Number known to be in litigation.....6.....18%

5. Decisions on requests 27

a. No. granted25.....93%

(1) By examiner	25
(2) By Director (on petition)	0

b. No. not granted2.....7%

(1) By examiner	0
(2) Reexam vacated	2

6. Overall reexamination pendency (Filing date to certificate issue date)

a. Average pendency	14.7 (mos.)
b. Median pendency	14.7 (mos.)

7. Total inter partes reexamination certificates issued (1999 - present)..... 1

a. Certificates with all claims confirmed	0	0%
b. Certificates with all claims canceled	1	100%
c. Certificates with claims changes	0	0%



US006352486C1

(12) **INTER PARTES REEXAMINATION CERTIFICATE (1st)**
United States Patent
Wesling

(10) Number: **US 6,352,486 C1**

(45) Certificate Issued: ***Sep. 2, 2003**

(54) **SEMI-AUTOMATIC SHIFTING SYSTEM**

4,283,069 A * 8/1981 Citelli 280/236
4,400,999 A * 8/1983 Steuer 475/297

(75) Inventor: **Kevin F. Wesling**, Lombard, IL (US)

(73) Assignee: **SRAM Corporation**, Chicago, IL (US)

FOREIGN PATENT DOCUMENTS

EP 0 899 188 A2 3/1999
GB 2096720 * 10/1982
JP 44-26571 11/1969

Reexamination Request:

No. 95/000,004, Jun. 13, 2002

Reexamination Certificate for:

Patent No.: **6,352,486**
Issued: **Mar. 5, 2002**
Appl. No.: **09/681,114**
Filed: **Jan. 12, 2001**

* cited by examiner

Primary Examiner—Thomas R. Hannon

(*) Notice: This patent is subject to a terminal disclaimer.

(57) **ABSTRACT**

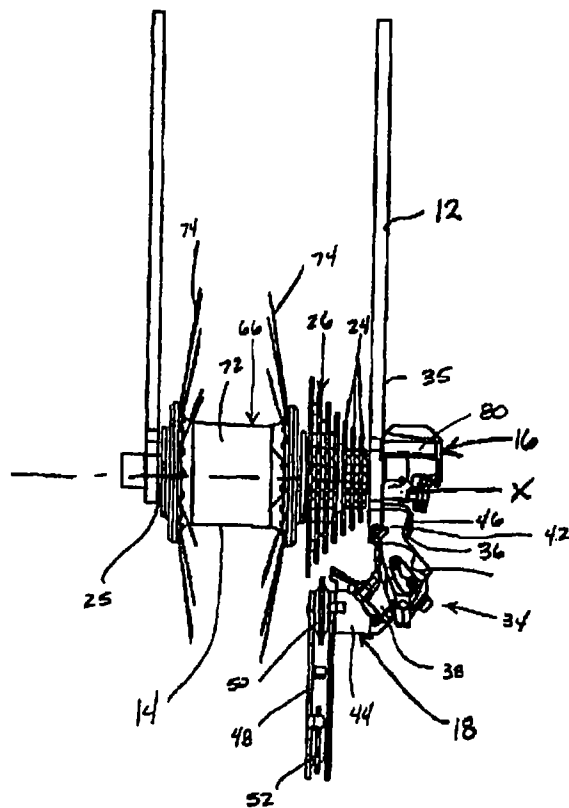
A semi-automatic gear change system mountable about a drive wheel axle of a bicycle. The system includes a drive wheel sprocket assembly that includes a plurality of sprockets having different number of teeth. The sprocket assembly is coupled to the drive wheel axle. A derailleur entrains the chain onto a selected one of the sprockets. A manually actuated shifter is coupled to the derailleur to select one of the sprockets. An internally geared mechanism having a plurality of a transmission modes couples the drive wheel axle to the drive wheel. An automatic shift actuator is coupled to the internally geared mechanism to actuate a shift between one of the transmission modes and another of the transmission modes based on predetermined shift points.

- (51) Int. Cl.⁷ **F16H 59/00**
- (52) U.S. Cl. **474/82; 474/70**
- (58) Field of Search 474/69-82, 109, 474/110; 475/271, 275, 277, 288, 289, 293, 296, 297, 298, 311, 312, 153; 280/238, 260

(56) **References Cited**

U.S. PATENT DOCUMENTS

3,513,725 A 5/1970 Shimano et al.



US 6,352,486 C1

1
INTER PARTES
REEXAMINATION CERTIFICATE
ISSUED UNDER 35 U.S.C. 316

THE PATENT IS HEREBY AMENDED AS
INDICATED BELOW.

2
AS A RESULT OF REEXAMINATION, IT HAS BEEN
DETERMINED THAT:
Claims 1-7 are cancelled.

5

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- [Class/Subclass GAU Information](#)
- [Information Contacts](#)

Search results for application number:95/000,000			
Application Number:	95/000,004	Customer Number:	-
Filing or 371(c) Date:	06-13-2002	Status:	Reexamination Issued
Application Type:	Re-examination	Status Date:	08-13-2003
Examiner Name:	HANNON, THOMAS R	Location:	FILE REPOSITORIES (FRANCONI)
Group Art Unit:	3682	Location Date:	09-17-2003
Confirmation Number:	3355	Earliest Publication No:	-
Attorney Docket Number:	SIC-02-005	Earliest Publication Date:	-
Class/ Sub-Class:	474/082	Patent Number:	-
First Named Inventor:	6352486, ,	Issue Date of Patent:	09-02-2003
Title Of Invention:	SEMI-AUTOMATIC SHIFTING SYSTEM		

Select Search Option

Continuity Data Search

File History		
Number	Date	Contents Description
18	08-13-2003	Input Issue Number and Issue Date for Reexamination
17	12-30-2002	Scanned in Central Reexam Unit
16	12-20-2002	Notice of Intent to Issue a Reexam Certificate
14	08-16-2002	Scanned in Central Reexam Unit
13	07-26-2002	Reexam Non-Final Action Mailed
12	07-26-2002	Determination -- Reexam Ordered
11	07-08-2002	Case Docketed to Examiner in GAU
10	07-02-2002	Scanned in Central Reexam Unit
9	08-13-2002	Notice of Reexam Published in Official Gazette
8	07-01-2002	Completion of Preprocessing - Released to Assigned Office
5	06-26-2002	Incoming Correspondence for Inter Parts Reexamination
4	06-18-2002	Scanned in Central Reexam Unit
3	06-18-2002	Miscellaneous Letter Mailed
2	06-18-2002	Notice Mailed--Application Incomplete--Filing Date Assessed
1	06-13-2002	Receipt of Original Request