



Request for Reexamination: To File or Not to File? That Is the Question

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The patent reexamination process was enacted on December 12, 1980.¹ It is designed to resolve issues of the validity of issued patents based on prior art patents and printed publications that were not before the patent examiner in the original prosecution of the reexamined patent.²

A request for reexamination need raise only a "substantial new question of patentability" affecting at least one patent claim.³ Anyone can file a request for patent reexamination of a non-expired patent.⁴ Thus, some accused infringers have filed reexamination requests, attempting to knock out and avoid the burden of proving a patent is invalid under the clear and convincing standard at trial.

Some patent owners also have filed reexamination requests to remove prior art clouds raised by accused infringers. When the US Patent and Trademark Office (PTO) 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 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 and include 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 PTO publishes on a periodic basis the statistical outcomes of past requests for and dispositions of reexaminations.⁵ Statistical outcomes of past patent infringement cases are also available.⁶

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.

Reexamination and Patent Case Statistics

Every June and December, the PTO publishes its reexamination statistics. These statistics can be obtained simply by contacting the PTO and requesting the most recent publication of *Ex-parte Reexamination Filing Data*. The statistics are likely to be surprising in view of the fact that reexamination proceedings are handled by the PTO with "special" dispatch and were enacted by Congress to provide a procedure that could settle validity disputes more quickly than litigation. The average time for patent reexamination is 20.5 months, not including the time for any appeal.⁷

While the PTO grants 90 percent of reexamination requests when a patent owner files a request for reexamination, 93 percent of the time all of the patent claims are confirmed as valid or at least one claim issues with changes.⁸

Third-party requesters cannot take much comfort when they file a request for reexamination; 88 percent of the time all of the patent claims are confirmed as valid or at least one claim issues with changes.⁹ Further, when the PTO grants a third-party requester's reexamination request, the PTO ultimately confirms all of the claims in 30 percent of its final reexamination determinations.¹⁰ Thus, in only a relatively small number of reexaminations do third-party requesters ultimately knock out patents. It remains to be seen whether accused infringers will have greater success in more recently permitted inter-partes reexamination proceedings.¹¹

Case law statistics show that at trial the odds of accused infringers are about the same as in *ex parte* reexamination. In 33 percent of past cases, the accused infringers obtained a finding of patent invalidity.¹²

Pre-trial, however, accused infringers have greater success in proving patent invalidity on a dispositive motion. District court judges invalidated patents before trial on dispositive motions in 72 percent of the cases decided on the validity issue.¹³

Statistically speaking, accused infringers also have done better when they have filed a declaratory judgment action as opposed to waiting to be sued; accused infringers have obtained a judgment after

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trial of patent invalidity 50 percent of the time in cases filed by an accused infringer, but only 29 percent of the time in cases filed by the patent owner.¹⁴

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

File the Reexamination Request as Soon as Possible

In general, a request for reexamination should be filed as soon as a patent infringement dispute is deemed likely or has 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 might 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 benefit a likely or already accused infringer to (1) defeat a motion for preliminary relief by the patent owner and (2) 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 PTO has ruled that the prior art gives rise to a substantial question of patentability. A court also is more likely to stay litigation pending a reexamination early in a case as opposed to in a late stage of a case.

A patent owner also will benefit from an early reexamination request. When a patent owner is considering a reexamination request, it is usually when an accused infringer has asserted invalidity based on a prior patent or printed publication. Pre-litigation, the patent owner can file the reexamination request and seek to have the PTO affirm the validity of the claims over the newly cited prior patents and publications. In the event that the PTO affirms the validity of patent claims that are being infringed, the patent owner obviously will have a stronger case against the infringer than if there had been no reexamination. In addition, the reexamination request can 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 PTO, it will be unlikely that a court will grant preliminary injunctive relief to a patent owner.

The average time for patent reexamination is more than 22 months, and this already lengthy time

period does not account for the time of any appeal.¹⁵ 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."¹⁶

If the court deems a request for a stay to be a dilatory tactic, the court likely will 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."¹⁷

Other factors that courts may look to in deciding whether to stay litigation pending reexamination include whether the parties have exchanged expert reports, whether the case is nearly ready for trial, and whether the accused infringer sought other delays, such as a request to bifurcate and stay damages.

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. When the defendant has also asserted prior public use as a defense to patent validity, that issue can be tried only in a court. 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 accused infringement and its defense of patent invalidity. Validity would remain a contested issue in the action, as the PTO would not have considered all of the alleged prior art material to the determination of validity.

Reasons to File the Reexamination Request

In the reexamination, a likely or already accused infringer obviously will want the PTO to declare the pertinent patent invalid. However, as noted, this occurs in only 12 percent of all reexamination requests filed by third-party requesters (*i.e.*, non-patent owners). In the 88 percent of reexaminations requested by third-party requesters when at least some claims are issued at the end of a reexamination, there are still some possible benefits to an accused infringer or other third-party requester.

First, even if a patent survives reexamination, the claims may 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, the patent owner will want the PTO 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 nar-

rower claims against an infringer. Take for example the pre-reexamination situation when 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.

Summary

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 a reexamination in the PTO. While patent owners may view a reexamination proceeding as the way 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.

Notes

1. 35 U.S.C. §§ 301, *et seq.*
2. Patent Reexamination: Hearings on S. 1679 Before the Comm. On the Judiciary, 96th Cong., 1st Sess. 1 (1979).
3. 35 U.S.C. § 303.
4. *Id.* § 302.
5. *Ex-parte Reexamination Filing Data*, periodically published by the US Patent and Trademark Office and available upon request.
6. See, e.g., Kimberly A. Moore, "Judges, Juries, and Patent Cases—An Empirical Peek Inside the Black Box," *Federal Circuit Bar Journal*, Vol. 11, No. 2, 209-257 (2001).
7. *Ex-parte Reexamination Filing Data*, June 30, 2002.
8. *Id.*
9. *Id.*
10. *Id.*
11. The disadvantages of inter-partes proceedings are: (1) the third-party requester must disclose its identity; (2) the third-party requester can file only one reexamination against a patent; and (3) the third-party requester is bound by an adverse reexamination outcome.
12. Moore, *supra* n.6 237.
13. John R. Allison & Mark A. Lemley, "Empirical Evidence on the Validity of Litigated Patents," 26 *AIPLA Q.J.* 185, 212, table 3 (1998).
14. Moore, *supra* n.6 at 253, table 8.
15. *Ex-parte Reexamination Filing Data*, Dec. 2001.
16. *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).
17. *Xerox Corp.*, 69 F. Supp. 2d at 407.