

Reexamination/Reissue Practice Group:
Strategic Use With Concurrent
Litigation – Tactics and Recent
Trends

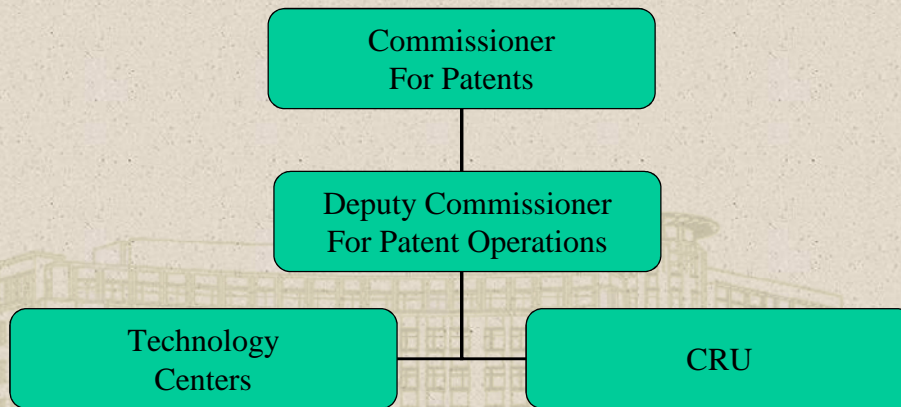


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What Is New?

- In 2005 USPTO formed CRU made up of primary examiners who handle reexamination exclusively working in teams of 3
- CRU examiners did not examine original patents to remove perception of patent owner bias

Reexamination Is Conducted In CRU

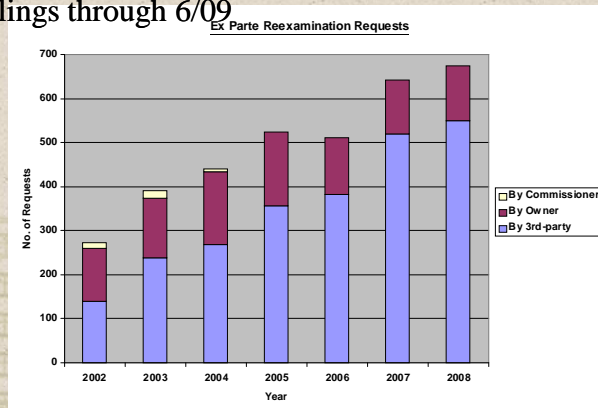


CRU: All primary examiners who work in teams of 3

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I. Ex Parte Reexamination Surge

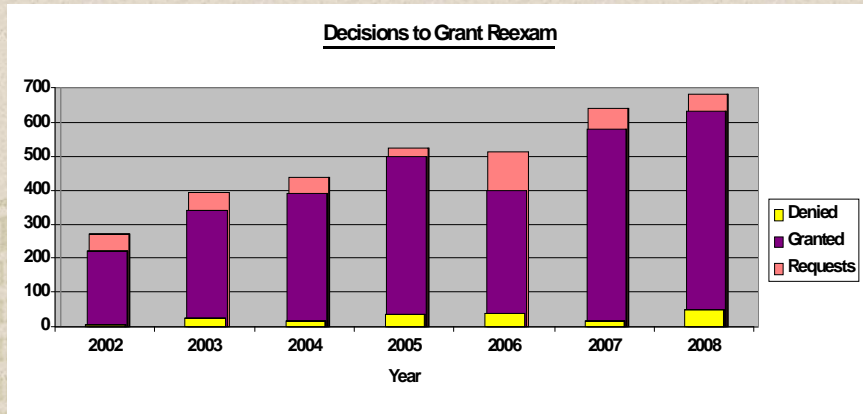
Ex Parte Request Statistics: 2009: 481
filings through 6/09



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I. Ex Parte Reexamination Surge

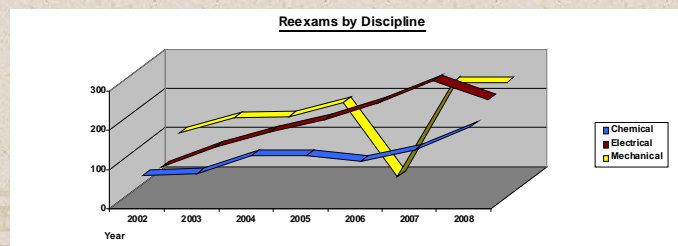
Ex Parte Reexamination Decisions:
92% granted



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I. Ex Parte Reexamination Surge

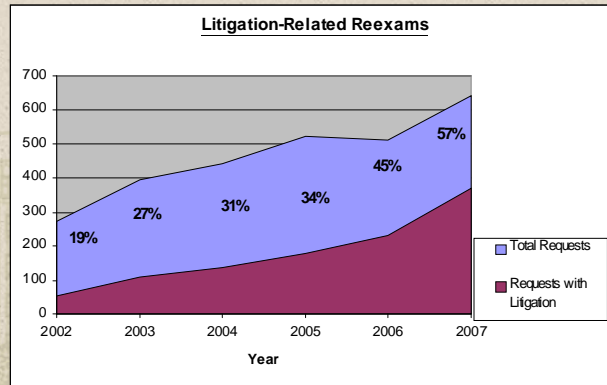
Ex Parte Reexaminations by Discipline:



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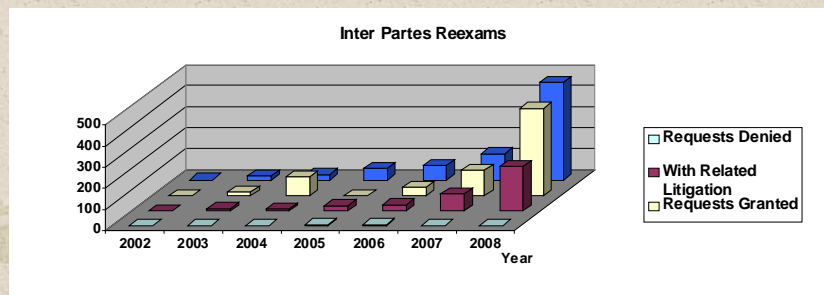
I. Ex Parte Reexamination Surge

Ex Parte Reexaminations with Related Litigation:



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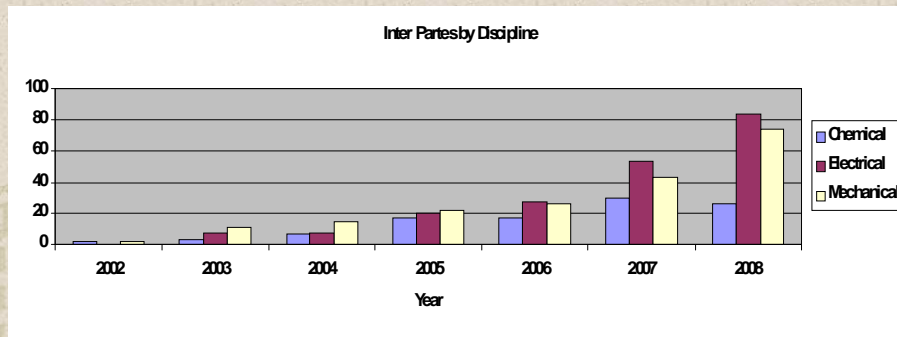
I. Inter Partes Reexamination Surge



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I. Inter Partes Reexam Surge

Inter Partes Reexaminations by Discipline:



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Ex Parte and Inter Partes Reexam Stats

	Ex Parte [†]	Inter Partes*
Percentage of requests for reexam granted	92%	95%
Percentage of reexams with all claims confirmed as valid	25%	5%
Percentage of reexams completed with all claims canceled	11%	60%
Percentage of reexams completed with claims amended	64%	35% **
Average pendency from filing to certificate being issued	25.1 mos.	36.1 mos.
Recent average delay between filing and first office action	8.7 mos.	3.7 mos.

[†] Ex parte reexams through 2009.

* Inter partes reexams through June 30, 2009 (77 completed).

** Only one inter partes reexam issued with claims; all original claims were cancelled and new claims were added.

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Why Is Reexamination Important?

- It is an effective tool for the patent owner, if the patent owner is the ex parte reexamination requester
 - To clear original patent claims over newly discovered patents and printed publications
 - Amend claims invalidated by a court to give new life to the patent
 - Dystar
(www.oblon.com/media/index.php?id=441)

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Why Is Reexamination Important?

- It is an effective tool for a third party as an alternative or in concert with litigation to seek cancellation or amendment of original patent claims to improve its non-infringement position or to eliminate past damages through intervening rights

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Ex Parte Reexamination

Common Strategies

Initiating 3rd Party Considerations/Tactics

Offensive

- **Case by case** determination
- Forced Intervening rights, estoppel, narrowing of claims
- No contingency fee reexaminations
- Stays are the game!! (E.D Texas stipulated stays = Inter Partes)
 - Timing is key
- Second Bite at the apple (Translogic)
- Multiple requests for reexamination when progress made (attack related) by patent owner
- Expertise **is crucial**, understand the limits on 3rd party participation

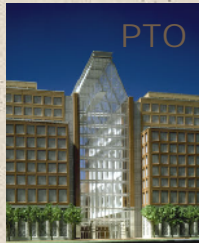
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STRATEGIC CONSIDERATIONS FOR DEFENDANTS

- Delay litigation (e.g. to buy time for design around, tire plaintiff, defer costs, search for additional art, wait until patent expires)
- Alleviate infringement/invalidity claim construction conflict
- Cast shadow over patent for jury

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Ex Parte Reexamination Basics



EX PARTE 35 USC § 301 -307

- Third party requester can initiate, but not participate beyond initial request (copied on communications).
- **NO Broadening** of claims.
- Only patent owner may appeal.
- Third party anonymity.
- Filing Fee \$2,520 + search and attorney fees.
- Interviews.
- Limited to patents and printed publications

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Ex Parte Reexamination Ancillary Mechanics

- Petitions will stall proceedings
- Required to Serve Third Party (despite PAIR)
- Merger with other proceedings will stall progress
 - common 3rd party tactic
 - may lead to new non-final action

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Ex Parte Reexamination Interplay with Litigation

Past Litigation

- **PTO will not follow Markman!!!**
- Final Decision of patent validity **is not binding**
- Final Decision (all appeals exhausted) on patent Invalidity **IS BINDING**

Co-Pending

- Stay of litigation accelerates pace of reexamination (often overlooked by Examiner)

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USPTO Patent Reexamination Was Proper Despite Earlier Consideration of Same Prior Art in District Court and Earlier Consideration in Different Context in USPTO -- In re Swanson 2007-1534

- The Federal Circuit held a substantial new question of patentability was presented because (1) considering a question in district court is not the equivalent of having the USPTO consider it, as the standard of proof – a preponderance of evidence – is lower in the USPTO and (2) the Deutch reference originally was considered by the USPTO only in a different context, as a secondary reference.

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USPTO Not Bound by Earlier District Court Claim Construction in Reexamination of Patents for Systems of Adjusting Accounts for Inflation -- In re Trans Texas Holdings Corp. 2006-1599, -1600

- The Federal Circuit rejected the argument that the USPTO was bound by a Markman claim construction order in an earlier district court suit to which the USPTO was not a party. The USPTO could not be bound unless it had “a ‘full and fair opportunity’ to litigate that issue in the earlier case.” (Citations omitted.) The Federal Circuit also upheld the USPTO’s broadest reasonable interpretation of a disputed claim term and found substantial evidence to support the USPTO’s interpretation of prior art references.

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In Translogic Technology Inc. v. Hitachi Ltd., Appeals Nos. 05-1387, 06-1333504 F.2d 1249, 1251 (Fed. Cir. 2007)

- The Federal Circuit achieved a similar result when it stayed a permanent injunction after the BPAI upheld a PTO re-examination decision adverse to the patentability of the claims upon which the injunction was based. (See *In re Translogic Technology Inc.*, 504 F.2d 1249, 1251 (Fed. Cir. 2007))

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**In Procter & Gamble Co. v. Kraft Foods
Global Inc., 549 F.3d 842, 847 (Fed. Cir.
2008)**

- The Federal Circuit held it was an abuse of discretion for the district court to stay parallel infringement litigation that included the patent owner's preliminary injunction motion after the examiner in the re-examination confirmed the patentability of the asserted claims.

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**Infringement Suit Defendant LTV Steel May Recover Attorney Fees
After USPTO Reexamination Determination That Patents Are
Invalid -- Inland Steel Co. v. LTV Steel Co. 03-1483 -- Inland Steel
Co. v. LTV Steel Co.**

- On April 9 in an opinion by Judge Bryson, the Federal Circuit decided LTV was eligible to recover attorney fees in a patent infringement suit against it by Inland Steel. A jury had determined Inland's patents were infringed, after which the lower court dismissed the suit with leave to reinstate pending the outcome of a USPTO reexamination initiated by LTV. The USPTO determined the patents were invalid and LTV moved to reopen the suit to obtain attorney fees and costs. The Federal Circuit decided LTV was a "prevailing party" and remanded the case.

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Procedural Differences: *Ex parte*/*Inter partes*

Who Can Initiate?

- **Ex parte:** Patentee, Director or 3rd party (can be anonymous)
- **Inter partes:** 3rd party only identifying real party in interest
- **Time to First Office Action** ex parte: 8.7 months- inter partes 3.7 months
- **What Patents?**
- **Ex parte:** Those filed on or after 07/01/81
- **Inter Partes:** Those filed on or after 11/29/1999
- **Interviews Permitted** (ex parte)- Not permitted (inter partes)
- **Estoppel?** No (ex parte) Yes (inter partes)
- **Appeal** Patent owner only (ex parte)
- **Both parties** (inter partes)

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Differences in Estoppel Effect

- No statutory *estoppel* in *ex parte* reexamination
- ***Inter Partes Civil Action Estoppel***
- A third party requester in a prior *inter partes* reexamination is *estopped* from later asserting in a civil action the invalidity of any claim ***finally determined*** to be valid and patentable on any ground that the third party requester ***raised or could have raised*** in the *inter partes* reexamination.
- ***Estoppel*** attaches only after board decision (or maybe later)
 - About 3 to 5 years after filing
 - Doesn't affect offers for sale, prior public uses, prior invention, derivation, inequitable conduct, 112 arguments,

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Differences in Estoppel Effect
Inter Partes Reexamination Estoppel

- No additional inter partes requests by same party after the first inter partes reexamination is declared
 - Exception: Arguments that “could not have been raised” in the earlier reexamination
- After cert. denial in litigation, party to litigation can’t initiate or maintain an *inter partes* reexamination
 - This is the one circumstance in which the PTO will conclude a reexamination

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Inter Partes Reexamination
Common Strategies

Initiating Considerations/Tactics

Offensive

- Gain leverage, can agree to **stop** participating in *inter partes*
 - Could be basis for quick settlement at reduced \$\$
- Weak Non-infringement position in litigation
- NPE doesn’t want expense
- Too technical for jury?
- ***Estoppel* not to be taken lightly**
- **Combine both *ex parte* (anonymous) and *inter partes* to avoid some *estoppel***

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Inter Partes Reexamination

Common Strategies

Defensive

- Merger with broadening reissue
- Broadened claim scope not subject to attack by 3rd party
 - new claims should depend from broader claims
 - to insulate from 3rd party comments and further art submissions
- RCE, extensions for reissues but no Interviews for *inter partes* reexams
- Reexam continues, no comments outside of issues pertaining to initial request

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Mooting a Reexamination

- Patent owner may want to consider DJ in “rocket docket” to obtain final judgment and moot *inter partes* reexamination
- If the Federal Circuit declines to stay the appeal pending the reexamination board decision or appeal, then the *inter partes* reexamination is to a large extent moot
- But eventual success in reexam may cause injunction to be lifted, termination of royalty payments

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The Effect of Pending Continuations

- Permits the patent owner to “launder” the prior art you raise
- But then again, the patent owner can launder it even if you don’t file a reexamination request
- Criticality of a litigation stay or litigation cost avoidance
- often drives the decision to file reexaminations despite pendency of continuation applications
 - Effect of litigation stay on customers or potential customers of challenger

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Interplay With Litigation

- From a Litigation “*Alternative*”
- A Litigation “*Tool*”

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Inter Partes Reexamination

Interplay with Litigation

Litigation

- *Inter Partes* **very slow**, appeals can delay proceedings for years
- Almost no *Inter Partes* have been concluded with valid claims
- *Sony v. Dudas* (make sure you request reexamination of all claims)
- 1 request, “raised or could have raised” estoppel
 - previous reexam or litigation
 - physical devices different?*Acco Brands, Inc.* (N.D. Cal 2008)
- **Final Court decision on validity is binding on same party, reexam stopped (race to conclusion)**

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INTERPLAY WITH LITIGATION:

The Tool Bag...

- Influence
 - Preliminary Relief
 - Decision
- Secure a Stay
- Elicit Admissions
- Secure Intervening Rights
- Pressure Resolution of Dispute
- “Forum Shop”
- Strengthen Patent
- Bolster (or Refute) Inequitable Conduct Charges

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INTERPLAY WITH LITIGATION

- *Reexamination*

- Standard of Review: Preponderance of the Evidence
- Not presumed valid
- No discovery

- *Litigation*

- Clear and Convincing standard
- Presumed Valid? Yes
- Discovery permitted

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INTERPLAY WITH LITIGATION

- *Preliminary Injunctions*

- Pending Reexam May Not Be Enough to Avoid a PI
- Office Action Rejecting Claims May Favor PI Denial
- Reexam Affirming Validity May Favor PI Relief

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INTERPLAY WITH LITIGATION

- *Stay of Litigation*
- ***There are few courts left that generally refuse to stay***
 - Delaware
 - Eastern District Virginia – but not patentee friendly
- ITC
- ***Forums where the trend has changed***
 - E.D. Texas – started to grant conditional stays in 2007
 - W.D. Wisconsin – No longer a rocket docket
- ***But many expect the trend to reverse***
 - Many judges have commented that stays pending reexamination are prejudicial or not effective in simplifying issues

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INTERPLAY WITH LITIGATION

- *Stay of Litigation*
- ***Outcomes. . . And Again, Timing is (Almost) Everything***
 - Stage of litigation matters; the earlier the better
 - But even close to trial a stay can still be a possibility
- Stage of reexamination matters
- *Inter partes v. ex parte* matters in some jurisdictions

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INTERPLAY WITH LITIGATION

- *Stay of Reexamination*
- ***Ex parte* reexamination**
 - Not permitted
- ***Inter partes* reexamination**
 - Permitted, but very rare
 - One case in which Fed Cir appeal was underway when reexam request was filed

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INTERPLAY WITH LITIGATION

- *Intervening Rights*
- **Mandatory Intervening Rights**
 - Past damages eliminated if amended claims are not substantially identical to original claims
- **Equitable Intervening Rights**
 - Court may deny or limit post-certificate damages

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INTERPLAY WITH LITIGATION

- *Dispute Resolution*
 - Encourage licensing company to walk away (prepare but don't file)
 - Narrow claim construction
 - may shift cost/reward calculus for patentee
 - Tire out plaintiff with serial or multiple filings
 - Might produce useful estoppels or admissions
 - But once started, can't stop

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INTERPLAY WITH LITIGATION

- *Is a Court or the PTO the Better Forum?*
- Many arguments play better in the PTO
 - References that are "squinting 102s"
 - Complex technology
 - Complicated, technical arguments
- Do obviousness arguments still play better in the PTO after KSR?
 - Before KSR, your odds were much better in the PTO
 - Now it's a much closer call
 - Examiners have tendency to try to allow something
 - Judges and juries tend to have an all-or-nothing outcome

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STRATEGIC CONSIDERATIONS

- **When to File Reexam as a 3d Party?**
 - Before Lawsuit
 - * Substantially improves chances of court granting stay
 - * Even if not stayed, may moot verdict of infringement
 - If the Federal Circuit disposes of the reexam first
 - * Race to appealable judgment
 - * Translogic v. Hitachi (Fed.Cir. 2007)
 - At the Beginning of a Lawsuit
 - * Increase chance of stay
 - * Minimize the chance of a PI (for inter partes)
 - * First OA is likely to occur before trial

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STRATEGIC CONSIDERATIONS

- **When to File Reexam as a 3d Party (cont'd)?**
 - Before trial
 - Requests can be supported by arguments developed in the lawsuit
 - Grant of a reexam may be influential to the trier of fact
 - May be influential in post-trial actions (e.g. arguing against a permanent Injunction)
 - Less concerned about estoppel in inter partes as prior art searching completed
- **After the verdict**
 - Second bite at the apple for losing defendant
 - May reduce ongoing royalty payments, cause lifting of injunction
 - Some have suggested that it may be malpractice if counsel for losing defendant fails to seek reexamination

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SUMMARY

- Reexamination tends to be substantially more effective when the requester has greater participation (*i.e.*, *inter partes* and to a lesser extent serial *ex parte* requests)
- *Estoppel* effects, timing and interplay with litigation must be carefully considered
- Reexamination may moot an infringement verdict
 - Race to judgment
 - Even if lose that race, may terminate injunction or royalties

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Reissue Applications

Common Uses

Most Common Uses:

- Correcting substantive change to specification or drawing (*i.e.*, wrong equation)
 - Correcting Inventorship, Priority Claim (foreign or domestic)
 - Merger Purposes (discussed later)
 - Claims: “claimed more or **less** than entitled.”
 - Can broaden inadvertently surrendered claim scope by filing ***broadening reissue*** filed **within two years** of original patent grant. (**no broadening in reexam ever**)
- See MPEP 1402

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Reissue Applications

What They Aren't

Deliberate withdrawal of claimed subject matter or amendment in order to obtain allowance of the patent **cannot be** a defect as Required by statute. (Unrebutted Examiner Statements not enough. MPEP 1412.02)

- Reissue statute is not a cure for all patent prosecution problems, nor a grant of **a second chance** to prosecute *de novo* original application.

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Reissue

Mechanics

- Reopens Prosecution for all claims of Reissue Patent (unlike reexam)
- Extensions of time and interviews available.
- Continuations, RCEs available! (merger)
 - much like regular prosecution aside from **recapture** and **intervening right** issues, also minor differences in submission format.
 - (intervening rights is your problem, examiner doesn't care)

Expired patent is not eligible for reissue.

- Patent is reissued "for the unexpired part of the term of the original patent." 35 U.S.C. 251.
- Different than reexamination, where proceeding continues after expiration, as long as patent is enforceable, but amendments of claims not permitted.

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Reissue Applications Broadening

- Filed Inside Two year window
- Presents a claim broader than every other claim existing in patent.
- Captures subject matter not covered by issued claims
- Reissue application filed within two years for reasons **other than broadening** may not be later **broadened** during prosecution outside of two years.
- Intent to broaden must be established in the reissue application within two years – *In re Graff, 42 USPQ2d 1471.*

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Reissue Applications Narrowing

- Cannot add narrower dependent claims without narrowing independent, improper reissue (do-over)
- **How do you know if you claimed too much, do you cite art?**
- **No** Reissue solely to review a patent based on new prior art
 - “clarifying amendment”
 - Can submit narrowed claims without explanation

*******Reexamination is proper vehicle for such a review**

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Reissue Applications

Recapture

How does the PTO police “Do-Overs?”

Reissue Examiner applies **RECAPTURE Rule**

- Prohibits later capture of claim scope surrendered to obtain original patent.
- Disclaimer/Estoppel of original prosecution cannot be undone.
- Likewise, non-elected inventions which were not pursued (no pending divisionals) cannot be revived by reissue.

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Reissue Applications

Differences

Reissue vs. COC

- (COC) for typos, not defects (narrowing or broadening)

Reissue vs. Reexam

- **No Broadening EVER in Reexamination**
- **Reissue is PO initiated Only**
- **Reissue has RCE and continuations**
- **Reissue has extensions as matter of right**
- **Reissue includes interviews**

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Reissue Applications

Strategic Uses

Pros

- Broadening reissue is a chance to:
 - Secure broader claim scope
(file within two years (includes anniversary date))
- Only way to correct 112 and 101 issues (no reexam)
- Merger, avoid extension of time issues in reexam, secure RCE and continuation rights

Cons

- Be Mindful of Protest right anytime before allowance (37 CFR 1.292)
- Although not a reexam, opens up patent to complete second review (*KSR*, *Bilski*?)
- Intervening rights

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Thank You

- If you have questions or comments send them to:

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