

Inter Partes Reexamination: New Alternative to Litigating Patent Validity

Pierre Hubert
Dewey Ballantine LLP
Austin, Texas
512.226.0490

Attributed as an academic work. Does not necessarily represent
the views of Dewey Ballantine LLP or the author.

DEWEY BALLANTINE LLP

2

Outline

- Reexamination generally
- Traditional *ex parte* reexam
- New *inter partes* reexam
- Examples of *inter partes* reexam as a litigation alternative
- Take-away points
- Questions?

DEWEY BALLANTINE LLP

Outline

- **Reexamination generally**
- Traditional *ex parte* reexam
- New *inter partes* reexam
- Examples of *inter partes* reexam as a litigation alternative
- Take-away points
- Questions?

DEWEY BALLANTINE LLP

3

Reexamination Generally

- Procedure whereby any person can file a written request in the US Patent and Trademark Office (PTO) to reexamine
 - ▼ any claim of an issued patent
 - ▼ on the basis of prior art that the person believes raises a "substantial new question of patentability" with respect to any claim of the issued patent

DEWEY BALLANTINE LLP

4

Reexamination Generally

- Types of reexamination
 - ▼ Traditional *ex parte* reexamination
 - ▼ New *inter partes* reexamination

DEWEY BALLANTINE LLP

5

Outline

- Reexamination generally
- **Traditional *ex parte* reexam**
- New *inter partes* reexam
- Examples of *inter partes* reexam as a litigation alternative
- Take-away points
- Questions?

DEWEY BALLANTINE LLP

6

Traditional *Ex Parte* Reexamination

- since 1981 (35 U.S.C. §301+, 37 CFR 1.501+)
- *ex parte*
 - ▼ the initial request may be filed by a named or unnamed third party
 - ▼ then the patentee files a statement and any claim amendments in view of the submitted prior art
 - ▼ then the third party is entitled to file a reply to the patentee's statement
 - ▼ then the third party's involvement ends, and procedure is similar to regular patent prosecution

DEWEY BALLANTINE LLP

7

Traditional *Ex Parte* Reexamination

- easy and inexpensive
- only patentability over patents and printed publications is at issue (plus newly arising section 112 issues)
- no presumption of validity
- claims given their broadest reasonable interpretation
- conducted with special dispatch
- policy is to have examiner different from examiner for original prosecution

DEWEY BALLANTINE LLP

8

Traditional *Ex Parte* Reexamination

- problem with *ex parte* reexamination
 - ▼ Learned Hand, J.: “[T]he antlike persistency of solicitors has overcome, and [] will continue to overcome, the patience of examiners, and there is apparently always but one outcome.” *Lyon v. Boh*, 1 F.2d 48, 50 (S.D.N.Y. 1924)
 - ▼ In other words, when the patent examiner is left alone to deal with the patentee’s team of patent prosecution attorneys, the patent often emerges stronger than before

Outline

- Reexamination generally
- Traditional *ex parte* reexam
- **New *inter partes* reexam**
- Examples of *inter partes* reexam as a litigation alternative
- Take-away points
- Questions?

New *Inter Partes* Reexamination

- provisions introduced in 1999, amended in 2002 (35 U.S.C. §311+, 37 CFR §1.902+)
- *inter partes*
 - ▼ full participation in the reexamination process by a third party requester

New *Inter Partes* Reexamination

- shares some characteristics with *ex parte* reexam
- easy and inexpensive
 - only patentability over patents and printed publications is at issue (plus newly-arising section 112 issues)
 - no presumption of validity
 - claims given their broadest reasonable interpretation
 - conducted with special dispatch
 - policy is to have different examiner than examiner from original prosecution

New *Inter Partes* Reexamination

Differences with *ex parte* reexam:

- after an Office Action and a response by the patentee, a third party requester has 30 days after the date of service of the patentee's response to provide comments
- third party requester can submit declarations (explain technology, level of ordinary skill, etc)
- no interviews—all communications in writing and served on other party and PTO
- only applicable to patents issuing from original applications filed on or after November 29, 1999

DEWEY BALLANTINE LLP

13

New *Inter Partes* Reexamination

Estoppel provision #1 (35 U.S.C. §315(c)):

- "Third-party requester [whose request for inter partes reexam is accepted] is estopped from asserting at a later time, in any civil action ..., the invalidity or any claim finally determined to be valid and patentable on any grounds which the third-party requester raised or could have raised during the inter partes reexamination proceedings."
- "This subsection does not prevent the assertion of 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."

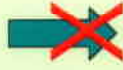
DEWEY BALLANTINE LLP

14

New *Inter Partes* Reexamination

Estoppel provision #1 (35 U.S.C. §315(c)):

Inter partes reexam



Later civil action based on invalidity issues that requester "raised or **could have raised**" during *inter partes* reexam unless newly discovered prior art "**unavailable**" to requester and PTO

DEWEY BALLANTINE LLP

15

New *Inter Partes* Reexamination

Estoppel provision #2 (35 U.S.C. §317(b)):

- "Once a final decision has been entered against a party in a civil action ... that the party has not sustained its burden of proving the invalidity of any patent claim in suit or if a final decision in an inter partes reexamination instituted by a third-party requester is favorable to the patentability of any original or proposed amended or new claim of the patent, then neither that party nor its privies may thereafter request an inter partes reexamination of any such patent claim on the basis of issues which that party or its privies raised or could have raised in such civil action or inter partes reexamination proceeding."
- "This subsection does not prevent the assertion of 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."

DEWEY BALLANTINE LLP

16

New *Inter Partes* Reexamination

Estoppel provision #2 (35 U.S.C. §317(b)):

Civil action or *inter partes* reexam



Later *inter partes* reexam by party or "its **privies**" based on invalidity issues that that party "raised or **could have raised**" during earlier civil action or earlier *inter partes* reexam, unless newly discovered prior art "**unavailable**" to party and PTO

DEWEY BALLANTINE LLP

17

New *Inter Partes* Reexamination

Estoppel provision #3 (Res. 1948, 106th Cong. 4607 (1999), yet to be codified & may be repealed):

"Any party who requests an *inter partes* reexamination under section 311 of title 35, United States Code, is estopped from challenging at a later time, in any civil action, any fact determined during the process of such reexamination, except with respect to a fact determination later proved to be erroneous based on information unavailable at the time of the *inter partes* reexamination decision. If this section is held to be unenforceable, the enforceability of the remainder of this subtitle or of this title shall not be denied as a result."

DEWEY BALLANTINE LLP

18

New *Inter Partes* Reexamination

Estoppel provision #3 (Res. 1948, 106th Cong. 4607 (1999), yet to be codified & may be repealed)

Inter partes reexam



Later civil action where requester contests facts that were determined in reexam, unless facts later proved to be erroneous, based on information unavailable at the time of the *inter partes* reexam decision.

DEWEY BALLANTINE LLP

19

New *Inter Partes* Reexamination

As enacted in 1999

- ▼ if examiner made an error during reexamination...
 - ↗ the requestor had no right of appeal (even though patentee did)
 - ↗ but requestor nevertheless was subject to estoppel provisions
- ▼ "it would be legal malpractice to recommend a client initiate an *inter partes* reexamination" (Congressman Berman in House Report 1886 (1999))

DEWEY BALLANTINE LLP

20

New *Inter Partes* Reexamination

November 2002 amendments:

- the requester, like the patentee, can appeal an adverse decision to PTO Board of Appeals and then to Fed Cir
- also, 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 (this new rule also is applied to *ex parte* reexams)

New *Inter Partes* Reexamination

of *Inter Partes* Reexams filed through January 2004
(from Official Gazettes at www.micropat.com)

'01	J	F	M	A	M	J	J	A	S	O	N	D
Total						1						1
'02	J	F	M	A	M	J	J	A	S	O	N*	D
Total	1					1	1					3
'03	J	F	M	A	M	J	J	A	S	O	N	D
Total	1		1	1	8	3	2	1	1	1	1	2

* = 2002 amendments go into effect

Outline

- Reexamination generally
- Traditional *ex parte* reexam
- New *inter partes* reexam
- **Examples of *inter partes* reexam as a litigation alternative**
- Take-away points
- Questions?

Examples of *Inter Partes* Reexam as Litigation Alternative


- Two *inter partes* reexamination certificates have issued so far...

Examples of *Inter Partes* Reexam as Litigation Alternative

- 1st *ip* reexam
- ▼ 1st *inter partes* reexamination certificate issued on September 2, 2003
- ▼ based on the 4th *inter partes* reexam petition, filed on June 13, 2002

Examples of *Inter Partes* Reexam as Litigation Alternative

- 1st *ip* reexam



"US 6,352,486"

"Semi-Automatic Shifting System"

"7 Claims"

Examples of *Inter Partes* Reexam as Litigation Alternative

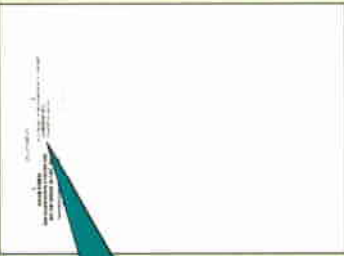
- 1st *ip* reexam



"INTER PARTES REEXAMINATION CERTIFICATE (1st)"

Examples of *Inter Partes* Reexam as Litigation Alternative

- 1st *ip* reexam



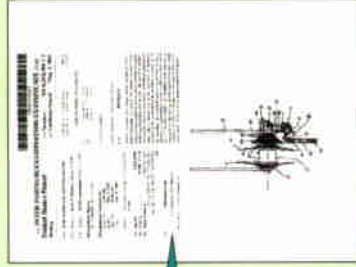
"AS A RESULT OF REEXAMINATION IT HAS BEEN DETERMINED THAT: Claims 1-7 are cancelled."

Examples of *Inter Partes* Reexam as Litigation Alternative

■ 1st *ip* reexam

"References Cited...
3,513,725"

From OG: "Requester: ... Real Party in Interest: Shimano, Inc., Sakai Osaka, Japan" [assignee of USP **3,513,725**]



Examples of *Inter Partes* Reexam as Litigation Alternative

■ 1st *ip* reexam

Requester's own prior art patent

US 6,352,486



Examples of *Inter Partes* Reexam as Litigation Alternative

■ 2nd *ip* reexam

▼ 2nd *inter partes* reexamination certificate issued on March 2, 2004

▼ based on the 1st *inter partes* reexam petition, filed on July 27, 2001



"US 6,232,427"


"Esterification Method"

"39 claims"

Examples of *Inter Partes* Reexam as Litigation Alternative

■ 2nd *ip* reexam

"INTER PARTES REEXAMINATION CERTIFICATE (2nd)"

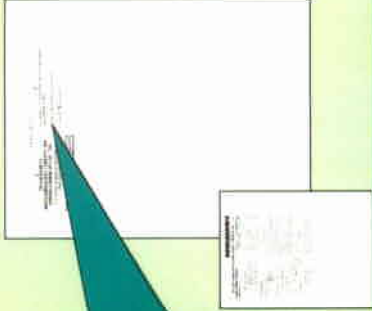


DEWEY BALLANTINE LLP 33

Examples of *Inter Partes* Reexam as Litigation Alternative

■ 2nd *ip* reexam

"AS A RESULT OF REEXAMINATION IT HAS BEEN DETERMINED THAT: Claims 1-16 and 39 are now disclaimed. Claims 17-38 are cancelled."




DEWEY BALLANTINE LLP 34

Examples of *Inter Partes* Reexam as Litigation Alternative

■ 2nd *ip* reexam

"References Cited... 6,114,425 6,337,419"

From OG: "Requester: ... Real Party in Interest: Unitex Chemical Corp." [assignee of USP 6,114,425 & 6,337,419]




DEWEY BALLANTINE LLP 35

Examples of *Inter Partes* Reexam as Litigation Alternative

■ 2nd *ip* reexam

Requester's own prior art patents



US 6,232,427

DEWEY BALLANTINE LLP 36

Examples of *Inter Partes* Reexam as Litigation Alternative

- 2nd *ip* reexam
- Comments of L. Johnson, atty for requester (USPTO Roundtable Discussion on Reexamination Practice, Feb. 17, 2004):
 - ▼ "Small entity requestor who had run into a conflict over a patent with a relatively larger competitor who also happened to be a customer"
 - ▼ "prior art process happened to be my client's own patent"
 - ▼ "cancellation or disclaimer of all issued claims ... for far less cost and disruption than litigation (about \$40,000 or so, including the filing fee)"

DEWEY BALLANTINE LLP

37

Outline

- Reexamination generally
- Traditional *ex parte* reexam
- New *inter partes* reexam
- Examples of *inter partes* reexam as a litigation alternative
- **Take-away points**
- Questions?

DEWEY BALLANTINE LLP

38

Take-away points

- When is *Inter Partes* Reexam worth considering as an alternative to litigation? (1/2)
 - ▼ patent in question issued from an original application filed on or after November 29, 1999
 - ▼ litigation simply not viable option
 - ↳ too costly/demanding for client
 - ↳ client sensitive to discovery (eg bad facts)
 - ↳ litigation too adversarial for parties
 - ▼ there is "killer" 102(b) patent or printed publication prior art

DEWEY BALLANTINE LLP

39

Take-away points

- When is *Inter Partes* Reexam worth considering as an alternative to litigation? (2/2)
 - ▼ requester truly is practicing the prior art
 - ▼ exhaustive prior art search completed
 - ▼ success depends on understanding of technology (examiner v. lay jury ?)
 - ▼ no discovery needed

DEWEY BALLANTINE LLP

40

Take-away points

- Caveats
 - ▼ Estoppel of uncertain scope, both ways, plus as to facts (and maybe section 112 issues if claims are narrowed?)
 - ▼ No cross examination of declarants
 - ▼ Relatively short time period for replying to patentee's response (no accounting for delays in mail)
 - ▼ Uncertainty because procedure is new

Outline

- Reexamination generally
- Traditional *ex parte* reexam
- New *inter partes* reexam
- Examples of *inter partes* reexam as a litigation alternative
- Take-away points
- **Questions?**