

Pending Reexam Will Not Preclude Early Injunction Ruling

Court Preserves Patentee's Recourse to Early Attack on Infringer

By Lee Carl Bromberg

In a ruling that offers encouragement to patentees to move for a preliminary injunction in the early stages of patent infringement litigation, the Federal Circuit recently rejected a motion to stay litigation simply because an inter partes reexamination was pending.

The lower court had declined to address the patentee's motion for preliminary injunction before granting the stay. Holding this to be an abuse of discretion, the December 5, 2008 decision in *Procter & Gamble v. Kraft Foods Global* instructed the district court to consider the preliminary injunction motion on its merits before addressing Kraft's motion to stay pending reexamination.

An increasingly popular tactic for defendants facing an infringement suit has been to request inter partes reexamination of the patent by the United States Patent and Trademark Office pursuant to 35 U.S.C. §§ 311 et seq. The request is typically coupled with a motion to stay the infringement suit.

If the stay is granted, the accused infringer avoids the expense of defending the suit during the reexamination process, which may take many years, including appeals. In addition, statistics suggest that a reexamination which raises a substantial new question of patentability will result in cancellation or modification of the patent claims more often than not. Under such circumstances, the defendant may avoid litigation altogether, and may also obtain rejection of the patent claims that had been asserted against it.

In the *Procter & Gamble* case, the patentee's claims had already been upheld by the PTO examiner over Kraft's challenge in the reexamination proceedings, and Kraft had appealed to the Board of Patent Appeals and Interferences. This "endorsement" of patentability, though not final, could be seen as enhancing the patentee's ability to prove likelihood of success on the merits, and may have contributed to the Court's concern over the

lower court's inaction on the motion for preliminary injunction.

The *Procter & Gamble* decision provides a potential counterweight to the defense strategy of filing a request for reexamination coupled with a motion to stay the litigation. In an appropriate case, the patentee should file a motion for preliminary injunction, notwithstanding the request for reexamination. According to the Federal Circuit, the trial court must then conduct a hearing on the motion before addressing a motion to stay the case.

The patentee thus gets an early shot at an injunction enforcing its patent, even if the patent has been put into reexamination. Of course, this strategy requires the patentee to mount a strong case for a preliminary injunction, which often presents a challenge depending upon the complexity of the technology, the clarity of the claim language, and other factors.

The Federal Circuit cautions that grant of a preliminary injunction should not ordinarily be coupled with a stay of the district court proceedings, because this could subject an accused infringer to unfair and undesirable delay in reaching a final resolution. On the other hand, the Court suggested (in a footnote) that if the injunction is denied and a stay granted, the district court could monitor reexamination proceedings for indication that the invalidity challenge to the patent is in fact insubstantial, and thereupon lift the stay and grant a preliminary injunction.

The Federal Circuit's insistence that the trial court must address Procter & Gamble's preliminary injunction motion even where its patent has become the subject of reexamination proceedings offers encouragement to patentees to seek an early injunction in appropriate cases. Together with the recent ruling in *Abbott Laboratories v. Sandoz*, upholding the grant of a preliminary injunction in favor of the patentee (discussed in another note

in this IP Update), this case should spur patent holders to put their best foot forward early in a suit to halt a competitor's infringing activity by seeking a preliminary injunction. ✧