

Add Inter Partes Re-Examination to Your Patent Infringement Defense

By Robert M. Asher

Inter partes re-examination can stop patent litigations dead in their tracks. The procedure often leads to narrowing or even cancellation of the patent claims. Practitioners may shy away from inter partes re-examination because it is considered an unsatisfactory substitute for the courtroom when seeking to prove *invalidity*. However, many may be overlooking that when it comes to proving *non-infringement*, inter partes re-examination has tremendous value.

Re-examination allows a patent challenger to present prior art patents or publications to the USPTO to challenge the patentability of any or all claims of a patent. If a substantial, new question of patentability is raised, the USPTO conducts an examination of the patent as if it were a patent application. There are two types of re-examination: *ex parte* and *inter partes*. In *ex parte* re-examinations, a third-party requester can initiate the procedure with a request, and may respond to a patent owner's statement, if any is filed. After that the re-examination is handled only by the USPTO and the patent owner. The third-party requester has no further right to participate.

Inter partes re-examination is a relatively new procedure. The patent owner is limited to written submissions and the requester is given the right to comment upon any such submissions. In exchange for use of this procedure, the requester is estopped from challenging the validity of the patent in court in related litigation based on the same

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grounds as had been raised or could have been raised in the re-examination. *Inter partes* re-examination may only be used against patents issued from patent applications filed after Nov. 29, 1999. Thus, although the frequency of *inter partes* re-examinations is currently small, it will grow over time as *inter partes* re-examination may be applied to increasing numbers of patents and as the usefulness of the procedure becomes better understood.

RECENT ENHANCEMENTS TO RE-EXAMINATION

The 2002 Judicial Improvements Act, signed into law by President Bush on Nov. 2, 2002, further enhanced the re-examination procedures. As a result, re-examinations may now be brought based on prior art previously considered by the USPTO when it allowed the patent, so long as a new issue of patentability is raised with respect to that prior art. The legislation has also given third-party requesters the right to appeal *inter partes* re-examination decisions to the Board of Patent Appeals and Interferences and then to the Court of Appeals for the Federal Circuit. Because a requester has forfeited the ability to make certain validity challenges in court, the right of a requester to appeal decisions all the way to the Federal Circuit is especially important to the viability of *inter partes* re-examination.



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STOP LITIGATION EXPENSES

If the USPTO determines that a re-examination request raises a substantial new question of patentability, the re-examination will go forward, and any court litigation then pending may be stayed. 35 U.S.C. §318 specifically provides for a stay unless the trial court determines that such stay would not serve the interests of justice. The huge cost of

patent litigation can thus be deferred and, possibly, avoided altogether.

The cost of pursuing *inter partes* re-examination is considerably lower than that of patent litigation. The costly formal discovery process — including depositions, document production, and interrogatories — is absent from re-examination. Neither are there any *Markman* claim construction hearings or pretrial motions. Rather, the *inter partes* re-examination is purely a written procedure. A requester will only need to prepare and file the re-examination request and two or three comments in response to the patent owner's filings. In addition if the appellate stage is reached, there will be briefs and hearings before the Board and the Federal Circuit.

NARROW OR KNOCK OUT PATENT CLAIMS

Prior art references are much more likely to have an impact in a re-examination than in a patent litigation. In court, patent claims are the beneficiaries

of a presumption of validity under 35 U.S.C. §282. In the USPTO, there is no such presumption. Moreover, the USPTO gives claims their broadest reasonable interpretation. *In re Hiniker*, 150 F.3d 1362 (Fed. Cir. 1998). Narrowly interpreted claims are easier to distinguish from the prior art than are broadly construed claims. The broad interpretations applied in a re-examination make the claims more vulnerable to prior art anticipation or obviousness rejections.

The recent revision to re-examinations allow for review based on previously cited references. This is another major advantage of re-examination over court review, as a judge or jury is very unlikely to invalidate a patent on the basis of references already considered by the USPTO. The stamp of government approval is exceedingly difficult to overcome at trial. Given the patent examiner's training and expertise, courts readily defer to the USPTO's decision to issue the patent. However, in inter partes re-examination, trained patent examiners, rather than courts bound by the presumption of validity, conduct the examination. The examiners give the patent a fresh look — one unconstrained by the previous examination. Thus, whereas a court is less likely to invalidate a patent on the basis of previously considered art, the USPTO will make an independent decision to issue a rejection where appropriate.

By rejecting claims, the examiner advances the public policy and USPTO goal of seeking to issue only valid patents. For conventional patent applications, the first action from a patent examiner is usually a rejection. In a re-examination, the examiner's job of issuing rejections is made easier by the requester who supplies prior art and arguments in support of a rejection. Unlike a court that is being asked to take the drastic step of invalidating a patent, under inter partes re-examination the examiner is simply rejecting claims that are too broad and that need to be narrowed in order to survive. Thus, claims are rejected more readily in re-examination than they are invalidated in a courtroom. If the patentee then refuses to narrow rejected claims, cancellation of the claims may result.

An inter partes re-examination will be

far less pleasant for patentees than the conventional patent application process. During typical patent application prosecutions and ex parte re-examinations, examiners will speak with patent applicants in interviews to explain the rejections and identify amendments that could overcome the rejections. Inter partes re-examinations are designed to shut down this openness between the

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patentee and the patent examiner. 37 C.F.R. §1.955 prohibits interviews with examiners. The patentee is thus left on his own to devise an amendment that will satisfy the examiner. If the patentee gets the amendment wrong, it may be difficult to get a second chance: There are no continuation applications and the final Action Closing Prosecution (ACP) limits the patentees' options. The patentee can submit a written response with an amendment to the ACP, but the examiner has the discretion to refuse to enter the amendment. Depending upon how closely the USPTO adheres to its rules, patent owners may find inter partes re-examination to be an unforgiving experience.

INTEGRATING INTER PARTES RE-EXAMINATION AND PATENT LITIGATION

In patent litigation, defendants must often take a position on claim construction early in the proceedings. Usually, a defendant will seek a narrow claim construction to improve its case of noninfringement. Unfortunately, in working with the narrow claim construction, the defendant then has an even more difficult time presenting successful prior art invalidity defenses.

Inter partes re-examination offers defendants a one-two punch for proving noninfringement. Defendant's first punch is to bring a re-examination attacking

patentability of broadly construed claims. This punch can narrow or cancel the patent claims. If the patent survives, the second punch is to argue noninfringement of the claims after they have been narrowed by the re-examination.

Provided that defendant acts diligently to identify references that raise a substantial new question of patentability, defendant can seek and obtain a stay of the litigation pending the inter partes re-examination. In re-examination, the claims are given their broadest reasonable interpretation. Thus, they are more vulnerable to rejection. To overcome rejection, claims may be amended or cancelled. Cancelled claims may make the litigation moot altogether. Amended claims are less likely infringed and potentially eliminate past damages. Unless a claim emerges from re-examination substantially identical to the original claim in the patent, damages may not be available for the time period prior to the issuance of the re-examination certificate. Claim amendments and arguments with respect to patentability may also result in prosecution history estoppel, stripping the patentee of its freedom to use the doctrine of equivalents.

If the case goes back to court, defendant's efforts to get a narrow claim construction are assisted by the re-examination prosecution history. Defendant's noninfringement position should be stronger now that the USPTO has more thoroughly addressed the limits of the claims. Thus, defendant should be better armed to achieve summary judgment of noninfringement or to succeed at trial.



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