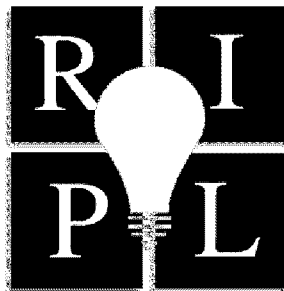


# THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



## UNITED STATES REEXAMINATION PROCEDURES: RECENT TRENDS, STRATEGIES AND IMPACT ON PATENT PRACTICE

GREG H. GARDELLA AND EMILY A. BERGER

### ABSTRACT

Reexamination is playing a significant role in the patent landscape. The United States Patent and Trademark Office is reexamining and invalidating more patent claims than ever before. Potential infringers, aware of this trend, can benefit from reexamination proceedings initiated before, during, and after litigation. Moreover, a prevalent reexamination system benefits both the public and industry. Efficient reexamination enables parties to challenge overly broad patents at a reasonable cost which reduces transaction costs, promoting innovation. Patent holders have responded by crafting narrow claims which fair well before the patent office and in court. The current reexamination trend, if continued, will have a strong and positive effect on innovation in the United States.

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# UNITED STATES REEXAMINATION PROCEDURES: RECENT TRENDS, STRATEGIES AND IMPACT ON PATENT PRACTICE

GREG H. GARDELLA AND EMILY A. BERGER\*

## INTRODUCTION

Reexamination has recently emerged as the leading mechanism for challenging patent validity in the United States.<sup>1</sup> While reexamination was used sparingly in the 1990s and early 2000s, there have been an increasing number of requests for reexaminations since that time due in large part to the perception that the new *inter partes* reexamination procedure is highly effective (from a challenger's perspective).<sup>2</sup> The United States Patent and Trademark Office (USPTO) is now much more likely, on its second review, to invalidate patents which do not represent significant advances over the previously developed technology.<sup>3</sup>

Corporate strategies have likewise evolved.<sup>4</sup> Some are filing more reexamination requests in an effort to circumvent the high cost of United States patent litigation; this strategy is enabled by the willingness of many districts courts to postpone litigation while the reexamination is pending.<sup>5</sup> Others, confronted with licensing demands, may force licensing companies to substantially lower their demands with a request that the patents be reexamined.<sup>6</sup> Many businesses have found that more technical or complicated arguments fare better in the USPTO.<sup>7</sup>

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<sup>1</sup> Robert Greene Sterne et al., *Reexamination Practice with Concurrent District Court Patent Litigation*, 9 SEDONA CONF. J. 53, 53 (2008).

<sup>2</sup> U. S. PATENT AND TRADEMARK OFFICE, *INTER PARTES REEXAMINATION FILING DATA—DECEMBER 31, 2008*, at 1 [hereinafter 2008 *INTER PARTES DATA*], available at [http://www.uspto.gov/web/patents/documents/inter\\_partes.pdf](http://www.uspto.gov/web/patents/documents/inter_partes.pdf); YAR R. CHAIKOVSKY & FIRASAT ALI, CHAIKOVSKY AND ALI ON THE CHANGING FACE OF INTER PARTES REEXAMINATION 1–4 (Dec. 4, 2007), available at 2008 Emerging Issues 1289 (Lexis).

<sup>3</sup> See Sterne et al., *supra* note 1, at 62 (indicating that the Central Reexamination Unit “almost always” initially rejects all of the claims of a patent under *inter partes* reexamination).

<sup>4</sup> See generally Paul L. Sharer & John E. Mauk, *Using the U.S. Patent & Trademark Office to Resolve Technology Disputes Before Trial*, in *RESOLVING TECHNOLOGY AND MEDIA DISPUTES BEFORE TRIAL* 165 (PLI Pats., Copyrights, Trademarks, & Literary Prop., Course Handbook Ser. No. 914, 2007), available at WL, 914 PLI/Pat 165 (illustrating patent management techniques other than litigation).

<sup>5</sup> See Sterne et al., *supra* note 1, at 66 (indicating that courts do grant stays for reexaminations). But see *NTP, Inc. v. Research in Motion, Ltd.*, 397 F. Supp. 2d 786, 788–89 (E.D. Va. 2005) (denying Research in Motion's fourth attempt to stay litigation pending reexamination, like the previous three).

<sup>6</sup> Sterne et al., *supra* note 1, at 66–67.

<sup>7</sup> RAJIV P. PATEL, *UNDERUTILIZED PATENT REEXAMINATIONS CAN IMPROVE BUSINESS STRATEGY* 1 (2004), available at [http://www.fenwick.com/docstore/Publications/IP/IP\\_Articles/Patent\\_Reexaminations.pdf](http://www.fenwick.com/docstore/Publications/IP/IP_Articles/Patent_Reexaminations.pdf).

These and other strategies have contributed to the growing “kill rate” occurring in certain types of reexamination proceedings.<sup>8</sup>

The increased use of patent reexamination promises to benefit both industry and the public interest.<sup>9</sup> Reexamination permits overly broad patents to be challenged at reasonable cost.<sup>10</sup> This encourages innovation by reducing the transaction costs associated with developing new technologies.<sup>11</sup> Patent holders are adapting, and will continue to adapt, to the increased use of reexamination by narrowing the scope of the patent rights they request.<sup>12</sup> More narrowly tailored patents will enjoy heightened respect from competitors because such patents are much harder to invalidate.<sup>13</sup> If the current trend continues, reexamination will have a strong and positive effect on innovation in the United States.<sup>14</sup>

### I. REEXAMINATION BASICS

Reexamination is a Patent Office procedure for correcting an issued patent by reexamining the scope of the patent in light of new evidence or argument concerning previously developed technologies.<sup>15</sup> While the Commissioner of Patents may initiate reexamination proceedings *sua sponte*, most reexamination requests are filed by the patent owner or, more often, third parties.<sup>16</sup> The United States Patent and Trademark Office (USPTO) reviews reexamination requests to determine if they

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<sup>8</sup> See Sterne et al., *supra* note 1, at 62–63 (suggesting three reasons for what appears to be a high rate of claim rejections for reexamined patents: (1) greater resources of the Central Reexamination Unit, (2) the impact of *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), on obviousness, and (3) the presence of a third party requester in *inter partes* proceedings).

<sup>9</sup> See Sterne et al., *supra* note 1, at 67 (indicating that reexamination via the Central Reexamination Unit improves patent quality and reduces patent pendency).

<sup>10</sup> Compare Sharer & Mauk, *supra* note 4, at 172, 176 (projecting the costs of *ex parte* and *inter partes* reexamination proceedings respectively), with Jeffery T. Zachmann, *Controlling the Cost of Resolving Intellectual Property Disputes: Proactive Strategies to Enforce and Defend Intellectual Property Rights & Contain Litigation Costs*, in 14TH ANNUAL INSTITUTE ON INTELLECTUAL PROPERTY LAW 391 (PLI Pats., Copyrights, Trademarks, & Literary Prop., Course Handbook Ser. No. 947, 2008), available at WL, 947 PLI/Pat 387 (displaying average litigation costs).

<sup>11</sup> See Sterne et al., *supra* note 1, at 66–67 (illustrating that the “pocket reexamination request” can fuel settlement, thereby deferring expensive litigation).

<sup>12</sup> See James W. Hill & M. Todd Hales, *Patent Reexamination After KSR*, ORANGE COUNTY LAW., Aug. 2008, at 30, 32 (indicating that practitioners are recognizing the reexamination process as a strategic instrument to narrow the scope of claims in a patent).

<sup>13</sup> See Matthew Sag & Kurt Rohde, *Patent Reform and Differential Impact*, 8 MINN. J.L. SCI. & TECH. 1, 50 (indicating that better quality patents are more likely to survive post-grant opposition and cost much more for a potential infringer to challenge).

<sup>14</sup> See Kevin R. Davidson, *Retooling Patents: Current Problems, Proposed Solutions, and Economic Implications for Patent Reform*, 8 HOUS. BUS. & TAX L.J. 425, 442 (“[E]xcessive numbers of low-quality patents can prevent healthy rates of innovation.”).

<sup>15</sup> U.S. PAT. & TRADEMARK OFFICE, U.S. DEPT OF COMMERCE, MANUAL OF PATENT EXAMINING PROCEDURE §§ 2209, 2609 (8th ed., 7th rev. 2008) [hereinafter MPEP].

<sup>16</sup> 35 U.S.C. § 303(a) (2006); accord 37 C.F.R. § 1.520 (2009); MPEP, *supra* note 15, § 2239 (explaining the stipulations of the statute and the regulation); see also Sterne et al., *supra* note 1, at 71 (noting that since creation of the Central Reexamination Unit, the USPTO has stopped Director-initiated reexaminations).

present a “substantial new question of patentability.”<sup>17</sup> If such a question is presented in the request, the USPTO initiates a reexamination proceeding.<sup>18</sup>

Reexamination requests must be based on patents and printed publications, such as articles from technical periodicals or conference proceedings.<sup>19</sup> The USPTO will not consider other types of prior invention in reexamination proceedings.<sup>20</sup> Accordingly, evidence that others previously invented the patented device, sold it, used it in public, or disclosed it to the patent owner will not be considered in a patent reexamination unless the evidence takes the form of a patent or a printed publication.<sup>21</sup> The USPTO will not consider evidence or argument that the scope of the issued patent is ambiguous or that it fails to adequately teach how to make or use the patented invention.<sup>22</sup>

During the proceeding, a patent “examiner” determines if the patent should be cancelled, narrowed or confirmed.<sup>23</sup> A patent may not be broadened in a reexamination proceeding.<sup>24</sup> The procedure is similar to traditional patent prosecution: an examiner issues an “office action” that usually sets forth various rejections and the patent owner responds with arguments (and sometimes evidence) refuting the examiner’s position.<sup>25</sup> That process repeats at least one time and then a panel of three examiners issues a final determination.<sup>26</sup> The patent owner has a right to appeal to the USPTO’s Board of Patent Appeals and Interferences and thereafter to the United States Court of Appeals for the Federal Circuit.<sup>27</sup> In a recently created type of reexamination procedure known as *inter partes* reexamination,<sup>28</sup> the party requesting reexamination is given the opportunity to respond to each submission made by the patent owner as well as the right to appeal the final determination.<sup>29</sup> The traditional reexamination procedure is now commonly referred to as *ex parte* reexamination.<sup>30</sup>

Perhaps the most significant difference between *inter partes* and *ex parte* procedures is that after the conclusion of an *inter partes* proceeding the requester is thereafter precluded from challenging in a district court proceeding the validity of the patent on any evidence that was raised or could have been raised during the

<sup>17</sup> 35 U.S.C. §§ 303(a), 312(a); *accord* MPEP, *supra* note 15, §§ 2216, 2242(I).

<sup>18</sup> 35 U.S.C. §§ 304, 313; *accord* MPEP, *supra* note 15, §§ 2246, 2646.

<sup>19</sup> 35 U.S.C. §§ 301–02, 311(b)(2); *accord* MPEP, *supra* note 15, §§ 2217, 2617.

<sup>20</sup> 35 U.S.C. §§ 301–02, 311(b)(2); *accord* MPEP, *supra* note 15, §§ 2217, 2617.

<sup>21</sup> 35 U.S.C. §§ 301–02, 311(b)(2); *accord* MPEP, *supra* note 15, §§ 2217, 2617.

<sup>22</sup> MPEP, *supra* note 15, §§ 2216, 2217, 2616, 2617.

<sup>23</sup> 35 U.S.C. §§ 307(a), 316(a); 37 C.F.R. § 1.104 (reciting the typical patent application examination procedure); *accord* MPEP, *supra* note 15, §§ 2260, 2660.

<sup>24</sup> 35 U.S.C. §§ 305, 314(a); 37 C.F.R. §§ 1.552(b), 1.906(b); *accord* MPEP, *supra* note 15, §§ 2258, 2658. *But see* 35 U.S.C. § 251, ¶¶ 1, 4 (allowing the broadening of claims via reissue proceedings if filed within two years of the patent issuing).

<sup>25</sup> *See* 37 C.F.R. § 1.104 (setting forth the traditional patent examination procedure); MPEP, *supra* note 15, §§ 2254, 2654 (describing the conduct of the reexamination procedures).

<sup>26</sup> MPEP, *supra* note 15, §§ 2271.01, 2671.03.

<sup>27</sup> 35 U.S.C. §§ 306, 315; 37 C.F.R. § 41.61; *accord* MPEP, *supra* note 15, §§ 2273, 2674.

<sup>28</sup> 35 U.S.C. §§ 311–18 (enacted Nov. 29, 1999).

<sup>29</sup> 35 U.S.C. § 315(a)–(c); 37 C.F.R. § 1.947; *accord* MPEP, *supra* note 15, § 2666.05.

<sup>30</sup> *See generally*, 35 U.S.C. § 301–07 (regarding Prior Art Citations to Office and Ex Parte Reexamination of Patents); 37 C.F.R. §§ 1.501–.570 (regarding Subpart D Ex Parte Reexamination of Patents); MPEP, *supra* note 15, §§ 2200–96 (regarding Citation of Prior Art and Ex Parte Reexamination of Patents).

reexamination.<sup>31</sup> Accordingly, the requester cannot use any additional patents, articles and other printed publications to challenge the patent's validity.<sup>32</sup> However, the requester can rely on various other defenses such as prior invention by another, derivation of the invention from a third party, prior public use or sale of the invention, inequitable conduct by the patent applicant in procuring the patent, misuse, nonenablement, indefiniteness, lack of utility, and the like.<sup>33</sup>

The *inter partes* procedure also differs from *ex parte* practice in that an *inter partes* petition may only be filed concerning patents that issued from a patent application filed on or after November 29, 1999.<sup>34</sup> The patent owner is not permitted to conduct interviews with the examiner, a technique that has historically proved to be quite effective in securing the allowance of a patent.<sup>35</sup> In *inter partes* proceedings, all responses to an examiner's rejections must be in writing, and the requester is given an opportunity to reply to each response.<sup>36</sup> Another inherent difference is that a patent owner may not request *inter partes* reexamination, whereas *ex parte* requests may be filed by either the patent owner or a third party.<sup>37</sup>

Another procedural difference is that *inter partes* requesters cannot remain anonymous as in *ex parte* proceedings.<sup>38</sup> The governing statute requires that the real

<sup>31</sup> 35 U.S.C. § 315(c); 37 C.F.R. § 1.907; *accord* MPEP, *supra* note 15, § 2686.04; see DAVID L. MCCOMBS & DAVID M. O'DELL, THE NEW ROLE OF REEXAMINATION IN PATENT LITIGATION 9 (2006), *available at* [www.haynesboone.com/david\\_odell](http://www.haynesboone.com/david_odell) (follow "The New Role of Reexamination in Patent Litigation" hyperlink) (explaining that there is currently some uncertainty concerning when the extoppel provisions of 35 U.S.C. § 315(c) attach, but they may be deemed to attach after the decision of the Board of Patent Appeals and Interferences or rather only after all appeals are exhausted).

<sup>32</sup> 35 U.S.C. § 315(c) (the requester cannot assert invalidity in a civil suit following a determination of validity in an *inter partes* proceeding unless the new assertion of invalidity is based on newly discovered prior art unavailable at the time of the reexamination).

<sup>33</sup> *See* 35 U.S.C. §§ 282, 315(c) (listing the statutory defenses to patent infringement, but by statute, the scope of reexamination may not be reviewed in a later civil suit once validity is determined by *inter partes* reexamination); *see also* 37 C.F.R. § 1.906(c) (asserting the scope of *inter partes* reexamination proceedings); *accord* MPEP, *supra* note 15, § 2658 (explaining the scope of *inter partes* reexamination proceedings).

<sup>34</sup> 37 C.F.R. § 1.913; *accord* MPEP, *supra* note 15, § 2609.

<sup>35</sup> 37 C.F.R. §§ 1.937(c), 1.955; *accord* MPEP, *supra* note 15, §§ 2654, 2685.

<sup>36</sup> 35 U.S.C. § 314(b)(2); 37 C.F.R. § 1.947; *accord* MPEP, *supra* note 15, § 2654.

<sup>37</sup> *Compare* 35 U.S.C. § 311(a) ("Any third-party requester at any time may file a request for *inter parte* reexamination by the Office of a patent on the basis of any prior art cited under the provisions of section 301"), 37 C.F.R. § 1.913 (specifically disallowing a patentee from filing an *inter partes* reexamination request), *and* MPEP, *supra* note 15, § 2612 (explaining the restrictions on filing requests for *inter parte* reexaminations on patent owners), *with* 35 U.S.C. § 302 ("Any person at any time may file a request for reexamination"), 37 C.F.R. § 1.510(a) (using similar language as § 302), *and* MPEP, *supra* note 15, § 2212 (explaining the limited restrictions on filing a request for *ex parte* reexaminations).

<sup>38</sup> *Compare* 35 U.S.C. § 311(b)(1), (c) (requiring the identity of the real party in interest be disclosed and then sent to the patent holder), 37 C.F.R. § 1.915(b)(8) ("A statement identifying the real party in interest to the extent necessary for a subsequent person filing an *inter partes* reexamination request to determine whether that person is a privy."), *and* MPEP, *supra* note 15, § 2612 ("The name of the person who files the request will not be maintained in confidence"), *with* 35 U.S.C. § 302 (never specifically requiring the disclosure of the party in interest), 37 C.F.R. § 1.510(f) (requiring an attorney or agent filing such a request to have power of attorney for the requesting party), *and* MPEP, *supra* note 15, § 2213 ("If an attorney or agent files a request for reexamination

party in interest be identified in the request.<sup>39</sup> This tends to deter use of *inter partes* procedures where a company believes a patent is troublesome but is unwilling to identify itself and potentially attract the attention of the patent holder.<sup>40</sup>

A significant practical difference between *inter partes* and *ex parte* proceedings arises from the timing of the decision of whether to declare a reexamination and the timing of the examiner's official actions.<sup>41</sup> In an *ex parte* proceeding, a determination granting a reexamination request is issued within three months of the request but will not be accompanied by an actual rejection of the claims.<sup>42</sup> Rather, the patent owner is given a chance to respond to the order granting reexamination.<sup>43</sup> The official action rejecting the claims is mailed about six to twelve months after the reexamination request was filed.<sup>44</sup> In *inter partes* practice, by contrast, an order granting reexamination will issue within about two months of the reexamination request<sup>45</sup> and often be accompanied by an official action in which the examiner rejects or confirms the claims.<sup>46</sup>

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for another entity (e.g., a corporation) that wishes to remain anonymous, then that attorney or agent is the third party requester.”).

<sup>39</sup> 35 U.S.C. § 311(b)(1).

<sup>40</sup> See Sterne et al., *supra* note 1, at 57–58 (suggesting that the timing of the *inter partes* reexamination request is of vital importance).

<sup>41</sup> Compare MPEP, *supra* note 15, § 2660(I) (stating that the first office action for an *inter partes* proceeding will generally be mailed with the order granting reexamination), with MPEP, *supra* note 15, § 2260 (stating that the examiner's first action on the merits should not be sent until after the requester's reply has been filed or after the patent owner's statement has been filed, if the patent owner requested the *ex parte* reexamination).

<sup>42</sup> 35 U.S.C. § 303(a); 37 C.F.R. § 1.515(a); accord MPEP, *supra* note 15, § 2241.

<sup>43</sup> 35 U.S.C. § 304; 37 CFR § 1.931; accord MPEP, *supra* note 15, § 2246. Patent owners rarely file responses to the order granting reexamination because USPTO gives the requester an opportunity to respond to any such submission. See Roger Shang & Yar Chaikovsky, *Inter Partes Reexamination of Patents: An Empirical Evaluation*, 15 TEX. INTELL. PROP. L.J. 1, 5 (2006) (“A smart patent owner, however, would normally forego the filing of the statement to prevent the third party response.”).

<sup>44</sup> See MCCOMBS & O'DELL, *supra* note 31, at 5 (estimating that it takes 6 to 11 months for an office action to issue).

<sup>45</sup> See 35 U.S.C. § 312(a) (providing a 3 month deadline for an order granting reexamination); 37 C.F.R. 1.923; accord MPEP, *supra* note 15, § 2641.

<sup>46</sup> MPEP, *supra* note 15, § 2641(C).

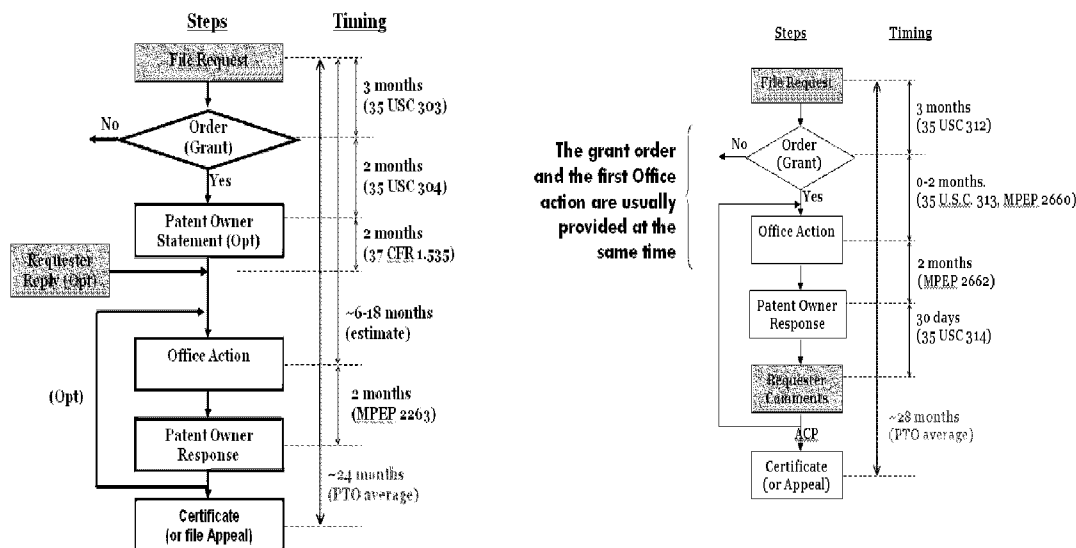


Figure 1

*Inter partes* procedure typically yields an early substantive decision; this creates potential benefits but also poses substantial risks.<sup>47</sup> An early official action finding that the patent claims are invalid over the prior art raised by the requester can be extraordinarily useful in co-pending litigation.<sup>48</sup> Courts facing such scenarios are typically more inclined to grant a request that the litigation be stayed pending the outcome of the reexamination in the interests of judicial economy.<sup>49</sup> Moreover, an early office action rejecting the claims makes it quite difficult for a patent holder to obtain a preliminary injunction because the office action suggests that the patent holder is not likely to succeed on the merits of the case.<sup>50</sup> Permanent injunctions requested by a patent holder after a successful trial may be stayed or denied entirely where the patent stands rejected in a copending reexamination proceeding.<sup>51</sup>

<sup>47</sup> See Paul Morgan & Bruce Stoner, *Reexamination vs. Litigation—Making Intelligent Decisions in Challenging Patent Validity*, 86 J. PAT. & TRADEMARK OFF. SOC'Y 441, 454–56 (2004) (discussing the pros and cons of reexamination).

<sup>48</sup> See MCCOMBS & O'DELL, *supra* note 31, at 30 (noting that an early filing for reexamination may bring about early resolution of a dispute).

<sup>49</sup> Shang & Chaikovsky, *supra* note 43, at 23; see ROBERT A. SALTZBERG & MEHRAN ARJOMAND, REEXAMINATIONS INCREASE IN POPULARITY (2007), available at [www.jdsupra.com/search](http://www.jdsupra.com/search) (search “Reexaminations Increase in Popularity”; then follow “Reexaminations Increase in Popularity” hyperlink) (noting the increasing trend toward parties in patent disputes to file for reexaminations along with litigation).

<sup>50</sup> Joshua D. Sarnoff, Bilcare, KSR, *Presumptions of Validity, Preliminary Relief, and Obviousness in Patent Law*, 25 CARDOZO ARTS & ENT. L.J. 995, 1017–18 (2008).

<sup>51</sup> Shang, *supra* note 43, at 23–24.



## II. WHY PARTIES FILE REEXAMINATIONS

Third parties generally seek reexamination to remove the threat posed by a patent they believe to be demonstrably overbroad.<sup>52</sup> Because courts are often inclined to postpone, or stay, litigation pending the outcome of reexamination where the reexamination was filed before the lawsuit or shortly thereafter, many companies file reexamination requests with the principal aim of reducing the risk that the company gets tied in an expensive and time-consuming lawsuit.<sup>53</sup> This strategy is often employed where the challenger believes that the patent owner is likely to initiate litigation against the challenger.<sup>54</sup>

Another common reason for filing reexamination requests is the reduction of potential liability associated with historical sales of allegedly infringing products or services.<sup>55</sup> A patent holder is permitted to collect damages for up to six years of previous sales so long as the patent holder has discharged its duty to mark with the patent number any patented products distributed by the patent holder or its licensees.<sup>56</sup> However, if a patent is substantively narrowed during a reexamination, there is an irrebuttable presumption that the patent was fatally defective prior to reexamination and accordingly the patent holder is barred from collecting any money damages for alleged infringements that occurred prior to the conclusion of the reexamination proceeding.<sup>57</sup> This strategy is particularly valuable where a patent is near expiration.<sup>58</sup> Unless the patent owner is able to persuade the examiner to allow at least some of the patent's "claims" without substantive amendment, all potential liability for previous infringement is eliminated.<sup>59</sup>

Reexamination requests are also filed in connection with co-pending litigation in order to provide the challenger a "second bite at the apple."<sup>60</sup> In a recent case, the Court of Appeals for the Federal Circuit vacated a verdict of infringement in light of

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<sup>52</sup> Robert H. Resis, *Request for Reexamination: To File or Not to File? That Is the Question*, PAT. J., Oct. 2002, at 2, available at [http://www.bannerwitcoff.com/\\_docs/publications/articles/Reexamination%20\(Resis\).pdf](http://www.bannerwitcoff.com/_docs/publications/articles/Reexamination%20(Resis).pdf).

<sup>53</sup> Gregory V. Novak, *An Overview and Primer on Intellectual Property for the Insurance Industry*, in UNDERSTANDING THE SECURITIES PRODUCTS OF INSURANCE COMPANIES 2008, at 859, 873 (PLI Comm. Law and Prac., Course Handbook Ser. No. 902, 2008), available at WL, 902 PLI/Comm 859 (explaining how an accused potential infringer can benefit from filing a reexamination early in litigation because courts are likely to provide a stay pending the outcome of the reexamination).

<sup>54</sup> See Steven E. Lipman, *Patent Reexamination Fundamentals*, in PARALLEL PATENT LITIGATION AND REEXAMINATION PROCEEDINGS 2007: KEEPING YOUR CASE ON TRACK 9, 30 (PLI Pats., Copyrights, Trademarks, & Literary Prop., Course Handbook Ser. No. 908, 2007), available at WL, 908 PLI/Pat. 9 (discussing how *inter partes* reexamination is probably best used when the other party is likely to initiate litigation).

<sup>55</sup> See MCCOMBS & O'DELL, *supra* note 31, at 23 (describing the scope of intervening rights).

<sup>56</sup> 35 U.S.C. §§ 286, 287(a) (2006).

<sup>57</sup> See, e.g., *Bloom Eng'g Co. v. N. Am. Mfg. Co.*, 129 F.3d 1247, 1249 (Fed. Cir. 1997).

<sup>58</sup> See Lipman, *supra* note 54, at 15 (stating that once a patent has expired it is no longer possible to narrow the scope of any claim being examined).

<sup>59</sup> See ROBERT A. SALTZBERG, INTERVENING RIGHTS: PROTECTION FROM LIABILITY AFTER REEXAMINATION (2008), available at <http://www.mofo.com/news/updates/files/15039.html>.

<sup>60</sup> See generally Betsy Johnson, Comment, *Plugging The Holes In The Ex Parte Reexamination Statute: Preventing A Second Bite At The Apple For A Patent Infringer*, 55 CATH. U. L. REV. 305, 337–38 (2005) (discussing potential abuse of reexamination proceedings by defendants).

its contemporaneous decision to affirm the USPTO's decision to invalidate the patent in a reexamination proceeding.<sup>61</sup> Even when a patent is invalidated by the USPTO after all appeals are exhausted in the infringement litigation the challenger may seek to have any injunction lifted and have any ongoing obligation to pay royalties nullified.<sup>62</sup>

Challengers sometimes choose to file reexaminations due to the technical complexity of "prior art" publications and the lower burden of proof faced in reexamination proceedings.<sup>63</sup> Because USPTO examiners have technical degrees and often years of experience analyzing inventions in a narrow technical niche, they should be better equipped to understand the complex technologies described in the documents presented by the challenger, especially as compared to a judge or jury.<sup>64</sup> More complete comprehension of the evidence presented by the challenger typically translates into a higher likelihood that the patent will be deemed invalid in view of that prior technology.<sup>65</sup> That result is amplified by the tendency of examiners to read publications and patents broadly in the sense that the examiner will read the publication as teaching features not expressly mentioned in the publication if those features would be understood to be included in the system or product by an engineer or scientist skilled in that field.<sup>66</sup> This tendency, in turn, is further amplified by the fact that examiners use a "preponderance of the evidence" standard in determining whether the prior publications teach the invention as claimed in the patent.<sup>67</sup>

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<sup>61</sup> *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1262 (Fed. Cir. 2007).

<sup>62</sup> *See* Lipman, *supra* note 54, at 26 (stating that in a *ex parte* reexamination a third party requester is not precluded from raising the same issues in subsequent litigation between it and the patent owner).

<sup>63</sup> Shang, *supra* note 43, at 25.

<sup>64</sup> MPEP, *supra* note 15, § 2636; Shang, *supra* note 43, at 15.

<sup>65</sup> Shang, *supra* note 43, at 19 (discussing the importance of a thorough prior art search in order for the challenger to have a reasonable chance of invalidating the patent); *see* Sag & Rohde, *supra* note 13, at 36–37 (discussing the heightened standard of proof for a challenger to invalidate a patent).

<sup>66</sup> *See In re Omeprazole Patent Litigation*, 483 F.3d 1364, 1378 (Fed. Cir. 2007) (discussing inherent disclosure).

<sup>67</sup> MPEP, *supra* note 15, § 706(I). In litigation a challenger must show that the patent is invalid by "clear and convincing evidence" due to a statutory presumption of validity that attaches to issued patents. 35 U.S.C. § 282 (2006); *In re Etter*, 756 F.2d 852, 857 (Fed. Cir. 1985). Patents subject to reexamination do not enjoy this presumption. *Id.* at 856.

### III. HISTORIC DATA REGARDING THE EFFECTIVENESS OF REEXAMINATION

By mid-2006, 10% of patents subjected to *ex parte* reexamination were completely invalidated.<sup>68</sup> About two-thirds of the patents emerged from reexamination with some or all of the claims narrowed.<sup>69</sup> One quarter of the patents survived, the reexaminations rendering the patents unchanged.<sup>70</sup>

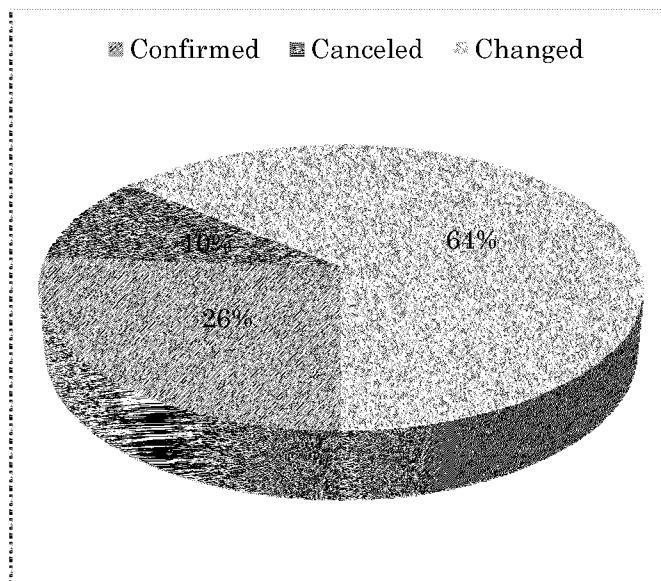


Figure 2: Patents Subjected to Ex Parte Reexamination—mid-2006

After a reexamination in which the relevant patent claims survive intact, the challenger is substantially worse off than before the reexamination began.<sup>71</sup> The patent will thereafter be “armor plated” in the sense that a judge or jury will consider that the patent claims have been examined *twice* and that both times the examiner found the claims to be patentable.<sup>72</sup> When taken with the evidentiary burden in litigation of proving invalidity by clear and convincing evidence, this can make it quite difficult to successfully challenge a reexamined patent’s validity on the basis of

<sup>68</sup> See U.S. PATENT AND TRADEMARK OFFICE, *EX PARTE* REEXAMINATION FILING DATA—DECEMBER 31, 2007, at 2 [hereinafter 2007 *EX PARTE* DATA], available at <http://w2.eff.org/patent/reexam-stats-dec-2007.pdf>.

<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

<sup>71</sup> See, e.g., *Moore Bus. Forms, Inc. v. Wallace Computer Servs., Inc.*, No. S88-359, 1989 U.S. Dist. LEXIS 16989, at \*24–25 (N.D. Ind. Aug. 28, 1989) (finding the patent in suit valid and stating that the claims had been examined by the United States Patent and Trademark Office twice and found patentable both times and were then reexamined and found patentable).

<sup>72</sup> See, e.g., *id.*

patents and printed publications, particularly the ones considered by the examiner.<sup>73</sup> Some refer to this as a “strengthened presumption of validity.”<sup>74</sup>

Because the historic data suggested that patents were likely to survive reexamination in some form, most shied away from the *inter partes* procedure.<sup>75</sup> The challenger’s concern was that, in subsequent litigation, he would be barred from arguing that the patent was invalid based on any patents or publications that could have been raised in the reexamination proceeding.<sup>76</sup>

#### IV. RECENT DEVELOPMENTS AND TRENDS

Recent developments in reexamination procedure have altered the general landscape and perception of reexamination procedures as a whole.<sup>77</sup> When *inter partes* reexamination was first implemented in 1999, the requester of the *inter partes* proceeding could only appeal an adverse decision from the examiner as far as the USPTO Board of Patent Appeals and Interferences (“Board”).<sup>78</sup> In contrast, the patent owner, whether in an *ex parte* or *inter partes* proceeding, maintained the right to appeal to the USPTO Board of Patent Appeals and Interferences and thereafter to the United States Court of Appeals for the Federal Circuit.<sup>79</sup>

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<sup>73</sup> See, e.g., *Superior Fireplace Co. v. Majestic Prods. Co.*, 270 F.3d 1358, 1367 (Fed. Cir. 2001) (discussing how challenges to the validity of claims “[w]hether regularly issued, [or] issued after a reexamination . . . must meet the clear and convincing standard of persuasion”).

<sup>74</sup> See, e.g., *Oglebay Norton Co. v. Universal Refractories Corp.*, 195 U.S.P.Q. (BNA) 569, 575–76 (E.D. Wis. 1977) (stating that an examiners consideration of information with regard to a patent strengthens the presumption of validity).

<sup>75</sup> Compare U.S. PATENT AND TRADEMARK OFFICE, *EX PARTE* REEXAMINATION FILING DATA—DECEMBER 31, 2008, at 2 [hereinafter 2008 *EX PARTE* DATA], available at [www.uspto.gov/web/patents/documents/ex\\_parte.pdf](http://www.uspto.gov/web/patents/documents/ex_parte.pdf) (reporting that eleven percent of claims are canceled after an *ex parte* reexamination), with 2008 *INTER PARTES* DATA, *supra* note 2, at 1 (reporting that seventy-three percent of claims are canceled after an *inter partes* reexamination).

<sup>76</sup> See 35 U.S.C. § 315(c) (2006).

A third-party requester whose request for an *inter partes* reexamination results in an order under section 313 is estopped from asserting at a later time, in any civil action arising in whole or in part under section 1338 of title 28, the invalidity of any claim finally determined to be valid and patentable on any ground 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 Patent and Trademark Office at the time of the *inter partes* reexamination proceedings.

*Id.*

<sup>77</sup> See generally *Sterne et al.*, *supra* note 1 (discussing modern developments regarding reexamination).

<sup>78</sup> Compare 35 U.S.C. § 315 (allowing appeals from an *inter partes* reexamination decision to the BPAI, and to the United States Court of Appeals for the Federal Circuit under § 141), with Act of Nov. 29, 1999, Pub. L. No. 106-113, § 1000(a)(9), 113 Stat. 1501, 1536 (enacting the provisions of S. 1948 of the 106th Congress, as introduced on November 17, 1999, which appears at 113 Stat. 1501A-521 to -603 and specifically, S. 1948, 106th Cong. § 4605(b) which appears at 113 Stat. 1501A-571) (restricting appeals from an *inter partes* reexamination decision to the BPAI).

<sup>79</sup> 35 U.S.C. § 141 (authorizing appeals from a decision of the BPAI to the United States Court of Appeals for the Federal Circuit); § 1000(a)(9), 113 Stat. at 1536 (enacting the provisions of S. 1948 of the 106th Congress, as introduced on November 17, 1999, specifically, S. 1948, 106th Cong.

Furthermore, if the patent owner appealed an *inter partes* reexamination decision to the Federal Circuit, the challenger was not permitted to participate.<sup>80</sup> The difference in appeal opportunities between patent holder and challenger only further discouraged potential challengers from initiating *inter partes* reexamination proceedings.<sup>81</sup> In November 2002, however, the statutes governing *inter partes* reexaminations were amended to allow both the patent holder and the third party challenger to appeal decisions of the Board of Patent Appeals and Interferences to the Federal Circuit.<sup>82</sup> Moreover, both parties could now participate in appeals to the Federal Circuit brought by the other party.<sup>83</sup>

The legislative measures in November 2002 that balanced the rights of appeal of third party challengers also addressed another controversial issue related to reexaminations—whether a reexamination proceeding could consider prior art previously considered by the USPTO.<sup>84</sup> In 1997, the Federal Circuit, in *In re Portola Packaging, Inc.*, held that the USPTO could not.<sup>85</sup> The court discussed the concern that patentees would be harassed by third parties requesting reexamination without a “substantial new question of patentability.”<sup>86</sup> The Federal Circuit was effectively overruled in 2002, however, when the statute governing reexamination was amended to provide that “[t]he 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 [USPTO].”<sup>87</sup> The current practice is that a challenger may allege that a substantial new question of patentability arises from a reference that was disclosed to the examiner so long as the same aspect of the reference was not specifically considered and addressed by the examiner.<sup>88</sup>

The reexamination procedure was further altered in 2005 when the USPTO implemented a new process for handling reexamination proceedings.<sup>89</sup> Specifically, reexamination proceedings initiated after 2005, according to the USPTO, are to be completed within two years.<sup>90</sup> Furthermore, a newly formed Central Reexamination Unit now handles all reexamination cases regardless of technology.<sup>91</sup> The Central Reexamination Unit (CRU) is comprised of highly skilled primary examiners who

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§ 4605(b) which appears at 113 Stat. 1501A-570 to -571) (“A patent owner in any reexamination proceeding may appeal from the final rejection of any claim by the administrative patent judge to the Board of Patent Appeals and Interferences . . . .”); *accord* MPEP, *supra* note 15, § 2673.02.

<sup>80</sup> See Patent and Trademark Office Authorization Act of 2002, Pub. L. No. 107-273, §§ 13101–06, 116 Stat. 1758, 1899–901 (2002) (amending 35 U.S.C. to include § 315(b)(2) allowing third party participation in appeals to the Federal circuit for actions commencing after Nov. 2, 2002).

<sup>81</sup> See 2008 *INTER PARTES* DATA, *supra* note 2, at 1 (indicating that zero *inter partes* reexamination requests were filed in 2000, only one was filed in 2001, and only 4 were filed in 2002).

<sup>82</sup> § 13106, 116 Stat. at 1899.

<sup>83</sup> *Id.*

<sup>84</sup> *Id.* § 13105, 116 Stat. at 1900; MPEP, *supra* note 15, § 2258.01.

<sup>85</sup> *In re Portola Packaging Inc.*, 110 F.3d 786, 791 (Fed. Cir. 1997).

<sup>86</sup> *Id.* at 790.

<sup>87</sup> § 13105, 116 Stat. at 1900 (codified as amended at 35 U.S.C. § 303(a) (2006)); *In re Swanson*, 540 F.3d 1368, 1379–80 (Fed. Cir. 2008).

<sup>88</sup> See MPEP, *supra* note 15, § 2258.01 (providing that “old art” can be the sole basis for a rejection during reexamination if the “old art” is viewed in light of “new art”).

<sup>89</sup> Press Release, U.S. Patent and Trademark Office, USPTO Improves Process for Reviewing Patents (July 29, 2005), *available at* <http://www.uspto.gov/web/offices/com/speeches/05-38.htm>.

<sup>90</sup> *Id.*

<sup>91</sup> MPEP, *supra* note 15, §§ 2236, 2636.

exclusively handle only reexamination cases and are given special training in reexamination procedures and relevant case law.<sup>92</sup> Thus, reexamination cases are no longer assigned to examiners according to technology, as was the case prior to the 2005 initiative, but to the special CRU unit specializing in reexamination procedure.<sup>93</sup>

Also in 2005 the USPTO implemented a “panel review” procedure to ensure the quality of reexamination proceedings.<sup>94</sup> All reexamination decisions that dispose of the case, such as final rejections or decisions to allow the claims, now require a thorough review by a panel of supervisors and senior patent examiners.<sup>95</sup> As declared by the USPTO, the new procedures serve to “enhance the quality and reduce the time of reexaminations by allowing the USPTO to monitor more effectively the reexamination operations.”<sup>96</sup>

The developments in reexamination procedure correspond with changing trends in reexamination pendency and efficacy.<sup>97</sup> Reexamination pendency, for example, has been decreasing in duration.<sup>98</sup> Recently, average *ex parte* reexamination pendency (filing date to right to appeal notice) has been shrinking to about two years.<sup>99</sup> *Inter partes* reexamination has been speeding up quite a bit as well. In several *inter partes* reexaminations filed in early 2008, actions closing prosecution were received within eight months.<sup>100</sup> Taking into account appeals to the Board of Patent Appeals and Interferences decisions, which typically takes from 12 to 18 months,<sup>101</sup> recent reexaminations should be concluded in two to four years.<sup>102</sup> That

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<sup>92</sup> *Review of U.S. Patent and Trademark Office Operations, Including Analysis of Government Accountability Office, Inspector General, and National Academy of Public Administration Reports: Hearing Before the Subcomm. On Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 109th Cong. 11–12 (2005) (prepared statement of Jon W. Dudas, Director of the U.S. Patent and Trademark Office) [hereinafter *Review of USPTO Operations*]; see UNITED STATES PATENT AND TRADEMARK OFFICE, PERFORMANCE AND ACCOUNTABILITY REPORT FOR FISCAL YEAR 2005, at 19, available at [www.uspto.gov/web/offices/com/annual/2005/2005annualreport.pdf](http://www.uspto.gov/web/offices/com/annual/2005/2005annualreport.pdf).

<sup>93</sup> Press Release, U.S. Patent and Trademark Office, *supra* note 89.

<sup>94</sup> *Id.*

<sup>95</sup> *Id.*

<sup>96</sup> *Id.*

<sup>97</sup> *Review of USPTO Operations*, *supra* note 92, at 11.

<sup>98</sup> Press Release, U.S. Patent and Trademark Office, *supra* note 89.

<sup>99</sup> *Id.*; see *Ohio Willow Wood Co. v. Alps South Corp.*, No. 04-CV-1223, 2008 U.S. Dist. LEXIS 89287, at \*9 (S.D. Ohio Oct. 21, 2008) (estimating a reexamination to take about two years), *reconsideration granted*, 2008 U.S. Dist. LEXIS 99392 (S.D. Ohio Nov. 21 2008).

<sup>100</sup> USPTO Control No. 95/000,342 (filed Feb. 11, 2008) (receiving action closing prosecution within eight months); see USPTO Control No. 95/000,336 (filed Jan. 11, 2008) (receiving action closing prosecution within nine months); see also USPTO Control No. 95/000,340 (filed Jan. 30, 2008) (receiving action closing prosecution within fourteen months); see also USPTO Control No. 95/000,345 (filed Feb. 11, 2008) (receiving action closing prosecution within twelve months); see also USPTO Control No. 95/000,336 (filed Jan. 11, 2008) (receiving action closing prosecution within nine months).

<sup>101</sup> ROBERT GREENE STERNE, OPTIMIZING REEXAMINATION PATENT STRATEGY AT THE U.S. PATENT OFFICE FOR YOUR IP BUSINESS MODEL 11 (2008), available at <http://www.skgf.com/media/pnc/6/media.916.pdf>.

<sup>102</sup> See *id.* (estimating 27–45 months).

compares favorably to the median time to trial in federal district court, 24.8 months.<sup>103</sup>

Greater efficiency in the reexamination process has also corresponded with an increase in the number of cases in which all claims of the patent subjected to reexamination are canceled.<sup>104</sup> The percentage of patents that were completely invalidated (i.e., all claims were canceled) as a result of *ex parte* reexamination from July 1, 1981 to June 30, 2006 was approximately 10%.<sup>105</sup> In 2008, about 19% of patents subjected to *ex parte* reexamination were completely invalidated.<sup>106</sup> The percentage of patents that were partially changed due to *ex parte* reexamination has remained approximately the same at about 64%.<sup>107</sup>

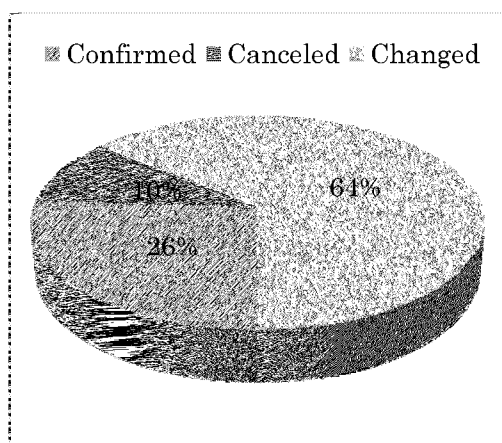


Figure 3: Patents Subjected to Ex Parte Reexamination—mid-2006

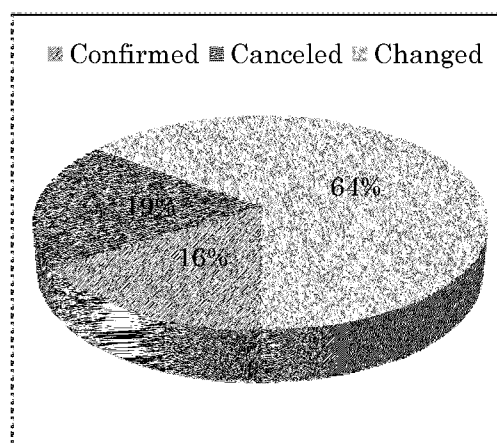


Figure 4: Patents Subjected to Ex Parte Reexamination—2008

*Inter partes* reexamination, since its inception in 1999, has resulted in a much higher yield of invalidated reexamined patents.<sup>108</sup> Specifically, between 1999 and

<sup>103</sup> ADMINISTRATIVE OFFICE OF THE U.S. COURTS, 2008 ANNUAL REPORT OF THE DIRECTOR: JUDICIAL BUSINESS OF THE UNITED STATES COURTS 189, available at <http://www.uscourts.gov/judbus2008/JudicialBusinesspdfversion.pdf>.

<sup>104</sup> Compare 2007 *EX PARTE* DATA, *supra* note 68, at 2 (indicating that 636 of the 6,066 *ex parte* reexamination certificates issued from 1981 through 2007 resulted in all claims being canceled), with 2008 *EX PARTE* DATA, *supra* note 75, at 2 (indicating that 739 of the 6,595 *ex parte* reexamination certificates issued from 1981 through 2008 resulted in all claims being canceled).

<sup>105</sup> U.S. PATENT AND TRADEMARK OFFICE, *EX PARTE* REEXAMINATION FILING DATA—JUNE 30, 2006, at 2, available at [http://www.schmoller.net/documents/ex\\_partes\\_to\\_20060630.pdf](http://www.schmoller.net/documents/ex_partes_to_20060630.pdf).

<sup>106</sup> Compare 2007 *EX PARTE* DATA, *supra* note 68, at 2 (indicating that 636 of the 6,066 *ex parte* reexamination certificates issued from 1981 through 2007 resulted in all claims being canceled), with 2008 *EX PARTE* DATA, *supra* note 75, at 2 (indicating that 739 of the 6,595 *ex parte* reexamination certificates issued from 1981 through 2008 resulted in all claims being canceled).

<sup>107</sup> Compare 2007 *EX PARTE* DATA, *supra* note 68, at 2 (indicating that 3,874 of the 6,066 *ex parte* reexamination certificates issued from 1981 through 2007 resulted in changed claims), with 2008 *EX PARTE* DATA, *supra* note 75, at 2 (indicating that 4,213 of the 6,595 *ex parte* reexamination certificates issued from 1981 through 2008 resulted in changed claims).

2007, *inter partes* reexamination resulted in 75% of the patents under review being completely invalidated, 17% of the patents undergoing some change in the claims, and 8% of the patents escaping any form of change in *inter partes* reexamination.<sup>109</sup> In 2008, the percentage of patents that were completely invalidated as a result of *inter partes* review actually decreased to 70% while 21% of the patents were changed and 9% of the patents were confirmed.<sup>110</sup>

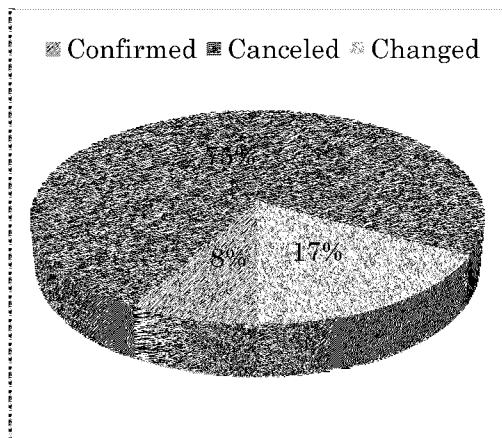


Figure 5: Patents Subjected to Inter Partes Reexamination—1999–2007

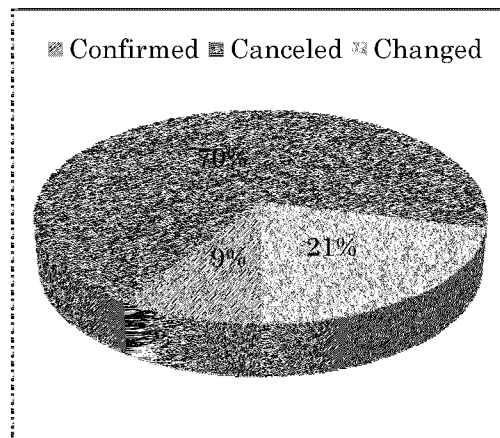


Figure 6: Patents Subjected to Inter Partes Reexamination—2008

Perhaps most indicative of the changing attitude toward reexaminations, and toward *inter partes* reexaminations in particular, is the dramatic increase in the number of reexamination filings.<sup>111</sup> Between 2006 and 2008, the number of *ex parte* reexamination filings jumped from 511 to 680, a 33% increase.<sup>112</sup> During that period, the number of *inter partes* reexamination filings jumped 140%, from 70 in 2006 to 168 in 2008.<sup>113</sup> The percentage of reexamination requests granted for *ex parte* reexaminations has been approximately 90% since July 1981, while the percentage of

<sup>108</sup> Compare *id.* (establishing that 11 percent of the *ex parte* reexamination certificates issued between 1981 and 2008 resulted in all claims being canceled), with 2008 *INTER PARTES DATA*, *supra* note 2, at 1 (indicating that 70 percent of the *inter partes* reexamination certificates issued between 1999 and 2008 resulted in all claims being canceled).

<sup>109</sup> U.S. Patent and Trademark Office, *INTER PARTES REEXAMINATION FILING DATA—December 31, 2007*, at 1 [hereinafter 2007 *INTER PARTES DATA*], available at <http://w2.eff.org/patent/reexam-stats-dec-2007.pdf>.

<sup>110</sup> 2008 *INTER PARTES DATA*, *supra* note 2, at 1.

<sup>111</sup> See 2008 *EX PARTE DATA*, *supra* note 75, at 1 (indicating that there were 296 *ex parte* reexamination filings in 2001 and 680 filings in 2008); see also 2008 *INTER PARTES DATA*, *supra* note 2, at 1 (noting only 1 *inter partes* reexamination filing in 2001 and 168 filings in 2008).

<sup>112</sup> 2008 *EX PARTE DATA*, *supra* note 75, at 1; 2008 *INTER PARTES DATA*, *supra* note 2, at 1.

<sup>113</sup> 2008 *INTER PARTES DATA*, *supra* note 2, at 1.



*inter partes* reexamination requests granted has been closer to 95% since November 1999.<sup>114</sup>

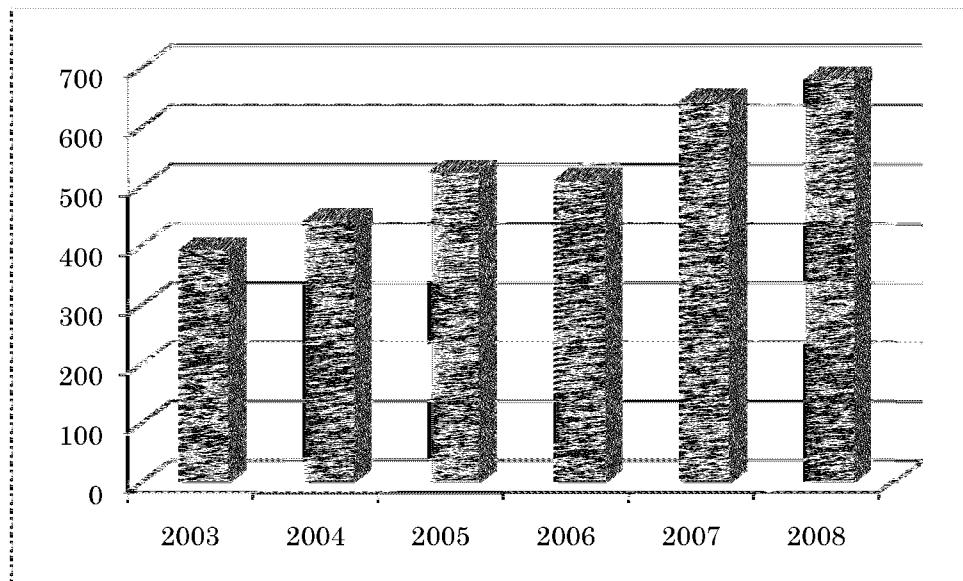


Figure 7: Number of Ex Parte Reexamination Filings—2003–2008

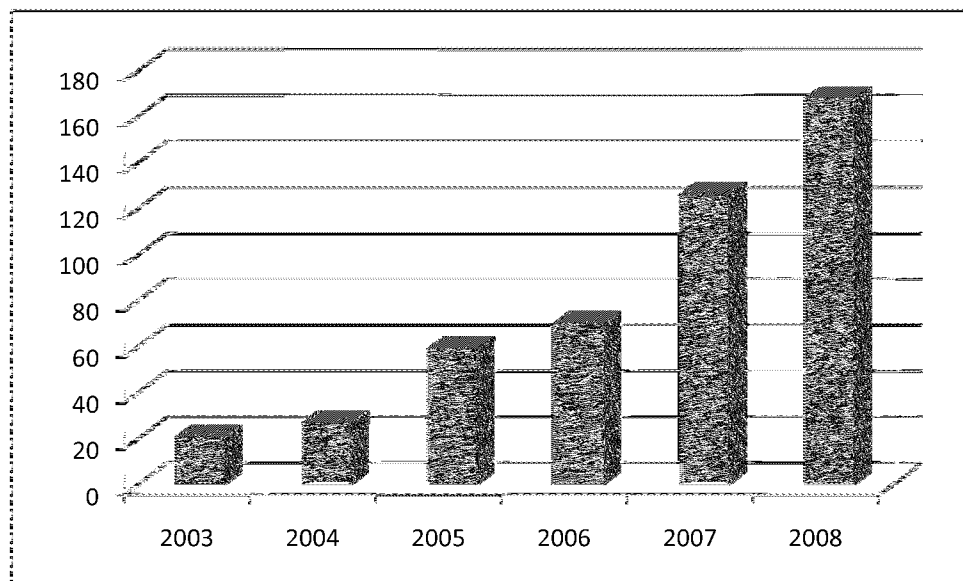


Figure 8: Number of Inter Partes Reexamination Filings—2003–2008

<sup>114</sup> 2008 *EX PARTE* DATA, *supra* note 75, at 1; 2008 *INTER PARTES* DATA, *supra* note 2, at 1.

Several factors have contributed to the impressive efficacy of *inter partes* reexaminations.<sup>115</sup> The most significant is the challenger's opportunity for participation in the reexamination and appeals process.<sup>116</sup> The challenger may respond to amendments and arguments made by the patent holder.<sup>117</sup> Frequently, patent holders present a broad array of new claims during reexamination<sup>118</sup>, and challengers are permitted to submit new references and address each of the new proposed claims.<sup>119</sup> Furthermore, during *inter partes* reexamination, the patent holder must submit arguments and amendments in writing only and may no longer utilize the traditionally effective tactic of conducting interviews with the examiner to obtain allowance of the pending claims.<sup>120</sup> The newly formed Central Reexamination Unit also appears to be carefully and competently scrutinizing patents under reexamination, provided the requester is able produce relevant prior art.<sup>121</sup>

Requesters have been attracted to the *inter partes* procedure not only by its efficacy but also by developments in its interplay with litigation.<sup>122</sup> Stays of litigation are granted more readily in view of co-pending *inter partes* reexamination,<sup>123</sup> giving incentive for a defendant to quickly file for an *inter partes* reexamination to argue for a stay of litigation pending reexamination.<sup>124</sup> Finally, requesters, while barred from raising the same invalidity attacks they could have raised during *inter partes* reexamination, are often unaffected in the other possible types of defenses they might raise at trial after a final *inter partes* decision such as prior public uses and offers for sale, derivation, or prior invention.<sup>125</sup> Moreover, requesters are now permitted to appeal adverse decisions all the way to the Federal Circuit.<sup>126</sup>

## V. DECIDING WHETHER AND WHEN TO FILE A REEXAMINATION REQUEST

In view of the recent data on reexamination practice, there are several factors a party should take into consideration when deciding whether and when to file *ex parte* or *inter partes* reexamination requests.<sup>127</sup> A potential challenger who is accused of infringing a patent but is not yet involved in a lawsuit has several incentives for

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<sup>115</sup> See Eric E. Williams, *Patent Reform: The Pharmaceutical Industry Prescription for Post-Grant Opposition And Remedies*, 90 J. PAT. & TRADEMARK OFF. SOC'Y 354, 358 (2008) (noting benefits of *inter partes* reexamination).

<sup>116</sup> *Id.* (highlighting challenger involvement as a specific advantage of *inter partes* reexamination over *ex parte* reexamination).

<sup>117</sup> 35 U.S.C. § 314(b)(2) (2006); 37 C.F.R. § 1.937 (2009); accord MPEP, *supra* note 15, § 2654.

<sup>118</sup> See 35 U.S.C. § 305 (allowing patent holders to present new claims during reexamination).

<sup>119</sup> 35 U.S.C. § 314(b)(2); 37 C.F.R. § 1.947; accord MPEP, *supra* note 15, § 2654.

<sup>120</sup> 37 C.F.R. § 1.937(c); accord MPEP, *supra* note 15, § 2624.

<sup>121</sup> See Sterne et al., *supra* note 1, at 67–69 (discussing how the Central Reexamination Unit improves quality and reduces pendency).

<sup>122</sup> Tun-Jen Chiang, *The Advantages of Inter Partes Reexamination*, 90 J. PAT. & TRADEMARK OFF. SOC'Y 579, 579–80 (2008).

<sup>123</sup> *Id.* at 580.

<sup>124</sup> *Id.*

<sup>125</sup> 35 U.S.C. § 315(c) (2006); 37 C.F.R. § 1.907; accord MPEP, *supra* note 15, § 2686.04.

<sup>126</sup> 35 U.S.C. § 141.

<sup>127</sup> See Morgan & Stoner, *supra* note 47, at 454–57 (listing the pros and cons of reexamination).

filing for reexamination.<sup>128</sup> An accused infringer greatly increases the chance for a grant of a stay of litigation if reexamination is commenced even before a lawsuit is brought against the accused infringer.<sup>129</sup>

Courts will weigh three factors in deciding whether to stay litigation pending reexamination: (1) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party; (2) whether a stay will simplify the issues in question and the trial of the case; and (3) whether discovery is complete and whether a trial date has been set.<sup>130</sup> Parties that successfully present arguments to the court concerning prejudice or simplification of issues may have a better chance of obtaining a stay.<sup>131</sup> Likewise, the timing of the reexamination relative to litigation greatly influences a district court's decision of whether to grant a stay.<sup>132</sup> A reexamination proceeding that was initiated before the lawsuit will be much more likely to result in a stay of the litigation.<sup>133</sup>

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<sup>128</sup> Chiang, *supra* note 122, at 579–80 (discussing economic and litigation-related advantages for challengers).

<sup>129</sup> Matthew A. Smith, *Stay, Suspension, and Merger: Considerations for Concurrent Proceedings Involving Inter Partes Reexamination*, 90 J. PAT. & TRADEMARK OFF. SOC'Y 657, 659–60 (2008) (noting that courts consider the stage of litigation in evaluating a motion to stay).

<sup>130</sup> Target Therapeutics Inc. v. SciMed Life Sys. Inc., 33 U.S.P.Q.2d (BNA) 2022, 2023 (N.D. Cal. 1995).

<sup>131</sup> See Smith, *supra* note 129, at 661.

<sup>132</sup> Chiang, *supra* note 122, at 579–80.

<sup>133</sup> See *id.* at 580 (noting a potential infringer's many benefits, and few detriments, of filing for *inter partes* reexamination in anticipation of litigation).

The venue of the litigation is also important in determining the likelihood of a grant of a stay.<sup>134</sup> A few courts, such as Delaware and the Eastern District of Virginia, generally refuse to stay.<sup>135</sup> Among the courts that will consider granting stays pending reexamination, certain courts are much more likely to grant stays than others.<sup>136</sup> The Northern District of California, for example, granted 68% of stays from 1981 until 2009 while the Eastern District of Texas granted 34% of stays during the same time.<sup>137</sup>

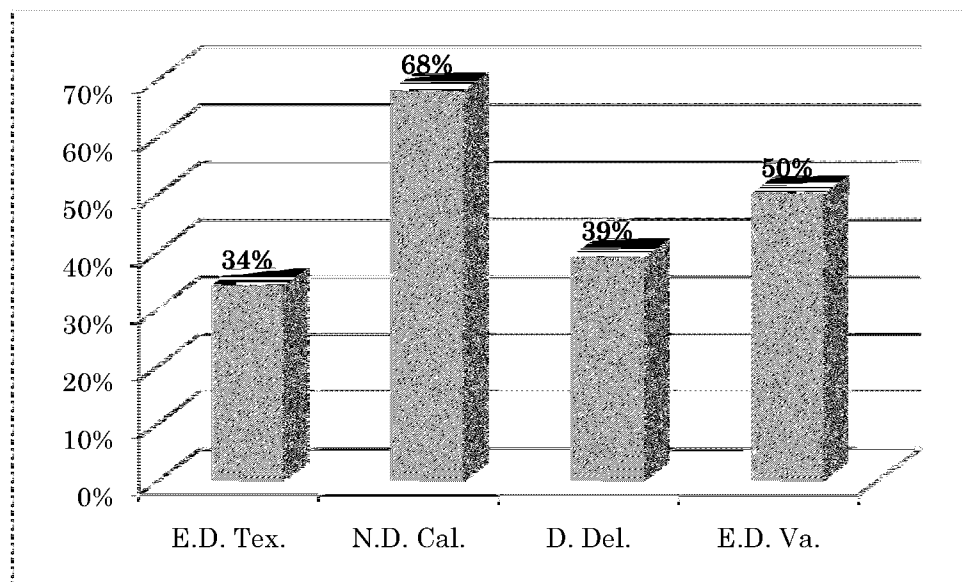


Figure 9: Percentage of Stays Granted in Reported Cases—1981–2009

<sup>134</sup> See, e.g., *Heinz Kettler GMBH & Co. v. Indian Indus., Inc.*, 592 F. Supp. 2d 880 (E.D. Va. 2009) (denying a stay of litigation pending patent reexamination); *Power Integrations Inc. v. Fairchild Semiconductor Int'l. Inc.*, No. 08-309-JJF-LPS, 2008 U.S. Dist. LEXIS 102716, at \*3 (D. Del. Dec. 19, 2008) (denying a stay of litigation pending patent reexamination); *Spa Syspatronic, AG v. Verifone, Inc.*, No. 07-CV-416, 2008 U.S. Dist. LEXIS 34223, at \*14 (E.D. Tex. Apr. 24, 2008) (granting Verifone's motion to stay proceedings pending a reexamination of the patent-in-suit); *Teradyne, Inc. v. Hewlett-Packard Co.*, No. C-91-0344 MHP, 1993 U.S. Dist. LEXIS 14601, at \*28 (N.D. Cal. Jan. 7, 1993) (granting Hewlett-Packard's motion to stay litigation pending reexamination of the patent-in-suit).

<sup>135</sup> See, e.g., *Heinz Kettler*, 592 F. Supp. 2d at 880 (denying a stay of litigation pending patent reexamination); *Power Integrations*, 2008 U.S. Dist. LEXIS 102716, at \*3 (denying a stay of litigation pending patent reexamination).

<sup>136</sup> Compare *Heinz Kettler*, 592 F. Supp. 2d at 880 (denying a stay of litigation pending patent reexamination), with *Teradyne*, 1993 U.S. Dist. LEXIS 14601, at \*3 (granting Hewlett-Packard's motion to stay litigation pending reexamination of the patent-in-suit).

<sup>137</sup> See, e.g., *Heinz Kettler*, 592 F. Supp. 2d 880 (denying a stay of litigation pending patent reexamination); *Power Integrations*, 2008 U.S. Dist. LEXIS 102716, at \*3 (denying a stay of litigation pending patent reexamination); *Spa Syspatronic*, 2008 U.S. Dist. LEXIS 34223, at \*14 (granting Verifone's motion to stay proceedings pending a reexamination of the patent-in-suit); *Teradyne*, 1993 U.S. Dist. LEXIS 14601, at \*28 (granting Hewlett-Packard's motion to stay litigation pending reexamination of the patent-in-suit).

Pending reexaminations may also be influential in determining whether a preliminary injunction is granted against an accused infringer, depending on the stage of the litigation and reexamination.<sup>138</sup> The Federal Circuit has acknowledged that when a patent “has already been subjected to reexamination, [the patentee] has at this point in the case shown that it is reasonably likely to withstand such a validity challenge” and is more likely to succeed on the merits.<sup>139</sup> The current stage of the pending reexamination also weighs on the outcome of a preliminary injunction determination.<sup>140</sup> A reexamination that is merely pending but prior to official action by the examiner may not be enough for an accused infringer to avoid a preliminary injunction.<sup>141</sup> For example, in *Erico Int’l Corp. v. Doc’s Mktg., Inc.*, the court declined to remove a preliminary injunction order after the USPTO granted a request for reexamination of the asserted patent, stating “the PTO readily grants reexamination requests.”<sup>142</sup> The court further opined, “[s]ubstantive conclusions . . . cannot be drawn from the PTO’s mere willingness to perform a reexamination” and “[t]he PTO’s order is not a merits determination, nor does it suggest what the outcome of its ultimate merits determination will be.”<sup>143</sup>

Some courts, however, may consider the mere grant of a reexamination request as casting enough doubt on the validity of a patent to justify denial of a preliminary injunction.<sup>144</sup> Indeed, the Federal Circuit has articulated the validity considerations at the preliminary injunction stage, stating that “[v]alidity challenges during preliminary injunction proceedings can be successful, that is, they may raise substantial questions of invalidity, on evidence that would not suffice to support a judgment of invalidity at trial.”<sup>145</sup>

In resisting a preliminary injunction, [] one need not make out a case of actual invalidity. Vulnerability is the issue at the preliminary injunction stage, while validity is the issue at trial. The showing of a substantial question as to invalidity thus requires less proof than the clear and convincing showing necessary to establish invalidity itself.”<sup>146</sup>

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<sup>138</sup> *E.g.*, *Heinz Kettler*, 592 F. Supp. 2d at 882.

<sup>139</sup> *Oakley, Inc. v. Sunglass Hut Int’l*, 316 F.3d 1331, 1342 (Fed. Cir. 2003).

<sup>140</sup> *Id.* at 1343.

<sup>141</sup> *Erico Int’l Corp. v. Doc’s Mktg., Inc.*, No. 05-CV-2924, 2007 U.S. Dist LEXIS 1367, at \*33–34 (N.D. Ohio Jan. 9, 2007).

<sup>142</sup> *Id.* at \*34–37.

<sup>143</sup> *Id.* at \*35–36.

<sup>144</sup> *See, e.g.* *Pergo, Inc. v. Faus Group, Inc.*, 401 F. Supp. 2d 515 (E.D.N.C. 2005) (denying preliminary injunction based partly on pending reexamination proceeding concerning patent-in-suit); *see also*, Eugene R. Quinn, Jr., *Abusing Intellectual Property Rights in Cyberspace: Patent Misuse Revisited*, 28 WM. MITCHELL L. REV. 955, 988 (2002). “Although the denial of a preliminary injunction certainly does not speak to the ultimate merits of the invalidity defense proffered by Barnesandnoble.com, it does bring into substantial doubt the viability of the Amazon.com one-click patent.” *Id.*

<sup>145</sup> *Pergo*, 401 F. Supp. 2d at 524.

<sup>146</sup> *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1359 (Fed. Cir. 2001).

A third incentive for an accused infringer to file a reexamination request is to render a judgment of infringement moot.<sup>147</sup> Specifically, a final judgment of invalidity of a patent resulting from a reexamination proceeding may overcome a judgment of infringement involving the patent.<sup>148</sup> In the *Translogic* pair of cases, the Federal Circuit reviewed two parallel cases—the appeal of an *ex parte* reexamination proceeding from the Board of Patent Appeals and the appeal of a district court jury verdict of validity and infringement concerning the same patent.<sup>149</sup> The patent-in-suit in the district court litigation was simultaneously subjected to *ex parte* reexaminations.<sup>150</sup> In the district court litigation, the jury returned a verdict of validity and infringement.<sup>151</sup> In contrast, in the reexamination proceeding, the patent-in-suit was invalidated by the examiner on the basis of obviousness. The Board then affirmed the invalidity finding.<sup>152</sup> The Federal Circuit reviewed the reexamination and district court appeals at the same time and affirmed the finding of invalidity by the Board and remanded the district court judgment for dismissal.<sup>153</sup> Under the facts of *Translogic*, it appears that the timing of a reexamination proceeding is essential in determining whether a final judgment of invalidity in the reexamination proceeding will effectively render a judgment of infringement as “moot.”<sup>154</sup> The likely effect of *Translogic* is that decisions that are issued by the Federal Circuit first are the controlling decisions concerning patent validity and may act to nullify any verdict or decision in the parallel proceeding.<sup>155</sup>

Another factor to consider in deciding whether to file a reexamination request is the ability to eliminate potential liability for historical sales.<sup>156</sup> The Patent Act provides for “intervening rights” for those who may infringe the newly amended claims.<sup>157</sup> In general, intervening rights, applicable to both reexamined and reissued patents, permit infringers of amended claims to avoid damages for making, purchasing, or using products that infringe the amended claims resulting from

<sup>147</sup> See also *Middleton, Inc. v. Minn. Mining & Mfg. Co.*, No. 03-CV-40493, 2004 U.S. Dist. LEXIS 16812, at \*34 (S.D. Iowa Aug. 24, 2004); *Gioello Enters. Ltd. v. Mattel, Inc.*, No. 99-375 GMS, 2001 U.S. Dist. LEXIS 26158, at \*1 (D. Del. Jan. 29, 2001).

<sup>148</sup> See, e.g., *Translogic Tech., Inc. v. Hitachi, Ltd.*, 250 F. App'x 988 (Fed. Cir. 2007) (vacating a verdict of infringement in the parallel litigation to the affirmation of the examiner's rejection). But see *In re Swanson*, 540 F.3d 1368, 1379 n.5 (Fed. Cir. 2008) (“[A]n attempt to reopen a final federal court judgment of infringement on the basis of a reexamination finding of invalidity might raise constitutional problems.”).

<sup>149</sup> *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1251 (Fed. Cir. 2007); *Translogic Tech., Inc. v. Hitachi, Ltd.*, 250 F. App'x 988, 988 (Fed. Cir. 2007).

<sup>150</sup> *In re Translogic Tech.*, 504 F.3d at 1251.

<sup>151</sup> *Translogic Tech., Inc. v. Hitachi Am., Ltd.*, 404 F. Supp. 2d 1250, 1251 (Dist. Or. 2005), *vacated*, *Translogic Tech.*, 250 F. App'x at 988.

<sup>152</sup> *In re Translogic Tech.*, 504 F.3d at 1251.

<sup>153</sup> *Id.*; *Translogic Tech.*, 250 F. App'x at 988.

<sup>154</sup> Compare *Translogic Tech.*, 250 F. App'x at 988 (vacating an infringement verdict based on the simultaneous reexamination invalidation of the patent), with *In re Swanson*, 540 F.3d 1368, 1379 n.5 (Fed. Cir. 2008) (“[A]n attempt to reopen a final federal court judgment of infringement on the basis of a reexamination finding of invalidity might raise constitutional problems.”).

<sup>155</sup> Compare *Translogic Tech.*, 250 F. App'x at 988 (holding that the invalidity determination vacates the infringement determination in simultaneous actions), with *In re Swanson*, 540 F.3d at 1370 n.5 (stating that reopening a final judgment of infringement in light of a reexamination finding of invalidity may present constitutional issues).

<sup>156</sup> See 35 U.S.C. §§ 252, 307(b) (2006) (limiting potential liability to the date of reissue).

<sup>157</sup> *Id.*

reexamination or reissue for the period prior to the issue of a certificate of reexamination or reissue.<sup>158</sup> In fact, any claim that is substantively amended during reexamination proceeds is irrebuttably presumed to have been invalid prior to issuance of the reexamination certificate and thus such claims cannot be used to recover damages for activities that occurred prior to the reexamination certificate.<sup>159</sup> Accordingly, some parties file reexamination requests with the principal aim of eliminating liability for historical sales of alleging infringing products or services.<sup>160</sup>

Intervening rights also permit a court, at its discretion, to allow continued infringement of the amended claims to the extent that the infringer has made “substantial preparation” prior to issue of the certificate of reexamination or reissue to make, purchase, or use products that infringe the amended claims of the patent.<sup>161</sup> In other words, intervening rights protect third parties’ reliance on the scope of the original claims of an issued patent so that third parties may make investments in products that do not infringe the original patent without fear that a later administrative proceeding may adversely alter the claims of that patent.<sup>162</sup>

Where a patent infringement suit is considered imminent it is also important to consider whether the court or the USPTO will provide a better forum for the defendant’s case.<sup>163</sup> Some arguments, such as arguments involving complex technology or complicated, technical arguments, are better suited for the USPTO than a jury.<sup>164</sup> For example, an obviousness argument for invalidating a patent has traditionally had more success in the USPTO because of the prevalent use of a rigid obviousness test that many jurors may have found confusing.<sup>165</sup> The Supreme Court’s recent decision in *KSR*,<sup>166</sup> however, may have altered the traditional dynamics of obviousness arguments, and it now seems to be a closer call as juries and judges may now be much more inclined to find a patent “obvious” in light of the revised standards set forth by the Supreme Court.<sup>167</sup> In addition, challengers must also consider that most examiners are reluctant to completely invalidate a patent and tend to allow at least some form of amendment to the patent claims.<sup>168</sup> In contrast, judges and juries tend to view patent validity as an all-or-nothing

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<sup>158</sup> See *Engineered Data Prods., Inc. v. GBS Corp.*, 506 F. Supp. 2d 461, 466–67 (D. Colo. 2007) (summarizing the statutory provisions); see also *InTest Corp. v. Reid-Ashman Mfg., Inc.*, 66 F. Supp. 2d 576, 582–83 (D. Del. 1999) (detailing the principle of intervening rights).

<sup>159</sup> *Bloom Eng’g Co. v. N. Am. Mfg. Co.*, 129 F.3d 1247, 1249 (Fed. Cir. 1997).

<sup>160</sup> See *id.* (“[35 U.S.C. §§ 252 and 307(b)] relieves those who may have infringed the original claims from liability during the period before the claims are validated.”).

<sup>161</sup> 35 U.S.C. § 252; see also *InTest*, 66 F. Supp. 2d at 582 (discussing the underlying principle of intervening rights).

<sup>162</sup> See 35 U.S.C. § 252.

<sup>163</sup> See David L. McCombs & Theodore Foster, *Patent Reexamination: Earning Its Keep in the Litigator’s Toolbox*, in 3RD ANNUAL PATENT LAW INSTITUTE 685, 692–93 (PLI Pats., Copyrights, Trademarks, & Literary Prop., Course Handbook Ser. No. 964, 2009), available at WL 964 PLI/Pat 685.

<sup>164</sup> *Id.*

<sup>165</sup> See *KSR Int’l. Co. v. Teleflex Inc.*, 550 U.S. 398, 415 (2007) (rejecting the Federal Circuit’s “rigid” teaching, suggestion, motivation test for obviousness).

<sup>166</sup> See *generally id.* (explaining a less ridged standard for obviousness).

<sup>167</sup> *Id.* at 419–22.

<sup>168</sup> See 37 C.F.R. § 121(g) (2009) (permitting examiner to make or suggest amendments); accord MPEP, *supra* note 15, § 714(II)(E).

proposition.<sup>169</sup> In any event, the facts of the particular case are unique to each defendant, and defendants must consider the benefits and drawbacks of the USPTO and district court as a forum for invalidating a patent.

Where litigation is pending or imminent, challengers will generally want to file for reexamination as soon as possible. The sooner a reexamination proceeding is initiated, the more likely a district court will grant a stay of litigation. Furthermore, as evident in the *Translogic* case, a judgment of infringement at trial may be completely rendered moot by a successful challenge to a patent's validity through a final reexamination judgment affirmed by the Federal Circuit.<sup>170</sup> The outcome may turn on which path reaches a final judgment at the Federal Circuit first—the verdict at trial or the reexamination determination by the USPTO.<sup>171</sup> Again, the sooner the defendant initiates the reexamination process, the more likely the reexamination will become final by the time a verdict is reached in district court. Finally, a defendant who files for reexamination immediately after the lawsuit commences may have better arguments against a preliminary injunction.<sup>172</sup> In particular, a defendant who files for an *inter partes* reexamination will likely receive a first office action along with a grant for reexamination within two months of filing the request for reexamination.<sup>173</sup> The quick turnaround allows the defendant who successfully obtains an office action rejecting the patent's claims to persuasively argue that the patent holder is unlikely to succeed on the merits of the case.<sup>174</sup>

Parties to infringement lawsuits may also benefit from filing for reexaminations later in the lawsuit.<sup>175</sup> If the defendant files for reexamination before trial, the request for reexamination may be supported by arguments developed throughout the lawsuit.<sup>176</sup> Furthermore, there is less of a fear of estoppel from *inter partes* reexaminations when the trial is near because the defendant's prior art searching

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<sup>169</sup> See 35 U.S.C. § 282 (2006) (listing invalidity as two out of the four enumerated defenses).

<sup>170</sup> See *Translogic Tech., Inc. v. Hitachi, Ltd.*, 250 F. App'x 988 (Fed. Cir. 2007) (reversing a holding of infringement in accordance with a simultaneous affirmance of the PTO's invalidation of the claims at issue). But see *In re Swanson*, 540 F.3d 1368, 1379 n.5 (Fed. Cir. 2008) (reopening a final judgment of infringement based on a reexamination finding of invalidity may be unconstitutional).

<sup>171</sup> *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1251 (Fed. Cir. 2007). Defendant Hitachi filed five third party requests for reexamination of the '666 patent between June 1999 and September 2002. *Id.* In October 2003, a jury found the '666 patent valid. *Id.* In March 2004, the PTO Board merged the Hitachi reexamination requests and rejected certain claims in the '666 patent for obviousness. *Id.* In May 2005, the District Court entered a permanent injunction against Hitachi, the jury found infringement and awarded Translogic \$86.5 million in damages, and the U.S. Court of Appeals stayed. *Id.* In July 2005, the PTO Board affirmed the rejection, denied Translogic a rehearing, and Translogic appealed to the US Court of Appeals. *Id.* In October 2007, the U.S. Court of Appeals affirmed the PTO Board's rejection of the patent as obvious and vacated the District Court's decision for permanent injunction and damages. *Id.*

<sup>172</sup> *E.g., id.*

<sup>173</sup> MCCOMBS & O'DELL, *supra* note 31, at 5.

<sup>174</sup> See *Procter & Gamble Co. v. Kraft Foods Global, Inc.*, 549 F.3d 842, 847 (Fed. Cir. 2008) (holding that the district court had to consider the posture of *inter partes* proceedings when evaluating the likelihood success of the merits).

<sup>175</sup> *Contra Amado v. Microsoft Corp.*, 517 F.3d 1353, 1363 (Fed. Cir. 2008) (the district court did not abuse its discretion in denying a motion to vacate judgment when the reexamination was filed after an unfavorable judgment was entered).

<sup>176</sup> *Translogic Tech., Inc. v. Hitachi, Ltd.*, 250 F. App'x 988 (Fed. Cir. 2007).



has been completed.<sup>177</sup> The reexamination proceeding may also be influential in post-trial proceedings such as in determining whether permanent injunctions are appropriate.<sup>178</sup> Even after the trial verdict, defendants may still benefit from reexamination.<sup>179</sup> The defendant may, for example, seek to nullify an infringement verdict with a finding of invalidity in reexamination.<sup>180</sup> A post-verdict reexamination may also enable a party to persuade a court to lift an injunction or void an ongoing obligation to pay royalties to a patentee who prevailed in the litigation.<sup>181</sup>

After a party has decided to file a reexamination request, the next decision is between *ex parte* and *inter partes* procedures.<sup>182</sup> The primary benefit of *inter partes* reexamination is its efficacy, which as noted above arises from the fact that the challenger may respond to arguments and amendments made by the patent holder.<sup>183</sup> The challenger must also consider, however, the drawbacks of *inter partes* reexamination.<sup>184</sup> An accused infringer who is unknown to the patent holder may file for an *ex parte* reexamination and maintain his anonymity, but would necessarily disclose his identity if filing for an *inter partes* reexamination.<sup>185</sup> Furthermore, the estoppel provision of *inter partes* reexaminations might prevent an accused infringer or defendant from making any arguments in litigation which were made or could have been made during *inter partes* reexamination.<sup>186</sup> Thus, challengers generally file for *inter partes* reexamination only if they are confident that they have identified most or all of the relevant patents and publications that describe relevant preexisting technology.<sup>187</sup> Another factor that militates in favor of filing for an *inter partes* reexamination is the availability of various other defenses that cannot be raised during reexamination (such as derivation or prior sale) and thus are not subject to the estoppel provision.<sup>188</sup> Due to these and other factors, *ex parte* reexamination requests still outnumber *inter partes* reexamination requests by about four to one.<sup>189</sup>

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<sup>177</sup> See 35 U.S.C. § 315(c) (2006) (noting an *inter partes* estoppel provision).

<sup>178</sup> See, e.g., *Standard Havens Prods., Inc. v. Gencor Indus., Inc.*, 27 U.S.P.Q.2d (BNA) 1959 (Fed. Cir. 1993) (reported in table at 996 F.2d 1236) (reversing the district court's refusal to stay a permanent injunction in light of reexamination).

<sup>179</sup> *Id.*

<sup>180</sup> *Contra In re Swanson*, 540 F.3d 1368, 1379 n.5 (Fed. Cir. 2008) (“[A]n attempt to reopen a final federal court judgment of infringement on the basis of a reexamination finding of invalidity might raise constitutional problems.”).

<sup>181</sup> See Sarnoff, *supra* note 50, at 1024–25 (suggesting that patents that have survived reexamination may have a heightened presumption of validity).

<sup>182</sup> See Chiang, *supra* note 122, at 579–80 (identifying the advantages of *inter partes* reexamination).

<sup>183</sup> 37 C.F.R. § 1.951(b) (2009); MPEP, *supra* note 15, § 2662.

<sup>184</sup> See, e.g., 35 U.S.C. § 311(b)(1) (2006) (requiring the request for examination include the identity of the real parties in interest).

<sup>185</sup> See 35 U.S.C. § 302 (omitting any identification requirement for the requesting party of an *ex parte* examination); see also 35 U.S.C. § 311(b) (requiring a request for *inter partes* examination to include the identity of the real parties in interest).

<sup>186</sup> 35 U.S.C. § 315(c).

<sup>187</sup> See 35 U.S.C. § 311(b)(2) (requiring the requester to “set forth the pertinency and manner of applying cited prior art” relevant to the identified claims).

<sup>188</sup> See 35 U.S.C. § 315(c) (defining the *inter partes* reexamination estoppel provision).

<sup>189</sup> UNITED STATES PATENT AND TRADEMARK OFFICE, PERFORMANCE AND ACCOUNTABILITY REPORT FISCAL YEAR 2008, at 127 [hereinafter 2008 PTO PERFORMANCE AND ACCOUNTABILITY REPORT], available at <http://www.uspto.gov/web/offices/com/annual/2008/2008annualreport.pdf>.

Patent holders also sometimes use reexamination as a tactic for solidifying their patents.<sup>190</sup> For example, patent holders may recognize their claims as being overly broad and rectify them through reexamination rather than risk invalidation during litigation.<sup>191</sup> Moreover, patent holders may want to attempt to “cure” inequitable conduct by presenting prior art to the examiner that should have been presented during prosecution of the patent.<sup>192</sup> In a licensing context, there may be concern over a patent’s validity in light of prior art, and the patent holder may want to have the patent reexamined to resolve this ambiguity.<sup>193</sup>

Nonetheless, reexamination comes with significant risks to the patent holder. By filing for reexamination, the patent holder is admitting to a substantial new question of patentability.<sup>194</sup> The patent holder also risks having the claims of the patent invalidated upon reexamination.<sup>195</sup> Thus, the patent holder must assess the value of the patent to the process and consider the business impact of initiating reexamination.<sup>196</sup> A safer route for the patent holder may be to seek reissuance of his patent. Reissue does not require an allegation that a substantial new question of patentability may exist or flagging a specific invalidity argument, although the patent holder is required to allege error or omission without deceptive intent during prosecution of the patent.<sup>197</sup>

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<sup>190</sup> See 35 U.S.C. §§ 305, 314(a) (permitting amendments to claims as long as the claims are not broadened); 37 C.F.R. §§ 1.552(b), 1.906(b); *accord* MPEP, *supra* note 15, §§ 2258, 2658. *But see* 35 U.S.C. § 251, ¶¶ 1, 4 (allowing the broadening of claims via reissue proceedings if filed within two years of the patent issuing).

<sup>191</sup> 35 U.S.C. §§ 305, 314(a); 37 C.F.R. §§ 1.552(b), 1.906(b); *accord* MPEP, *supra* note 15, §§ 2258, 2658.

<sup>192</sup> *Young v. Lumenis, Inc.*, 492 F.3d 1336, 1348–50 (Fed. Cir. 2007) (finding that disclosure of previously misrepresented information during reexamination effectively cured any potential inequitable conduct resulting from the misrepresentation).

<sup>193</sup> Rochelle Cooper Dreyfus, *Dethroning Lear: Licensee Estoppel and the Incentive to Innovate*, 72 VA. L. REV. 677, 762 (1986) (“By providing courts [and potential licensees] with added assurance that the PTO has considered the patent fully, reexamination also strengthens the value of the patent and with it the value of the license.”).

<sup>194</sup> See 35 U.S.C. § 304 (“If . . . the Director finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for resolution of the question.”); *see also* 37 C.F.R. § 1.501 (2008) (reciting that a requesting party must assert a new piece of prior art “pertinent and applicable to the patent and believes to have a bearing on the patentability of any claim of the patent.”); *accord* MPEP, *supra* note 15, § 2202.

<sup>195</sup> 35 U.S.C. § 307 (“In a reexamination proceeding . . . the Director will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.”); 37 C.F.R. § 1.570 (2008) (stating that a Director’s certificate will set forth the results of the reexamination proceeding including cancelling certain claims deemed invalid).

<sup>196</sup> See, e.g., Richard S. Gruner, *Corporate Patents: Optimizing Organizational Responses to Innovation Opportunities and Invention Discoveries*, 10 MARQ. INTEL. PROP. L. REV. 1, 61 (2006) (noting that “an enhanced reexamination procedure that gives a patent holder an inexpensive means to clarify that a specific prior art device . . . might provide important reassurances to investors” in a business context).

<sup>197</sup> 35 U.S.C. § 251.

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of the patentee claiming more or less than he had a right to claim in the patent, the Director

## VI. CHANGING BEHAVIOR IN LIGHT OF THE RECENT TRENDS

As reexamination filings continue to rise, patent holders and third party challengers will have different reactions.<sup>198</sup>

Competitors to patent holders will likely file more reexaminations in the coming years, as they gain confidence in the empirical data showing the increased efficacy of reexamination proceedings as outlined above.<sup>199</sup> Challengers of patents now have a greater chance of invalidating or curtailing overly broad patents, as evident in the high percentage of patents invalidated or amended during *inter partes* reexamination.<sup>200</sup> With the newly formed Central Reexamination Unit offering greater scrutiny of patents under reexamination, the challengers, and those in the industry who seek to design around patents, will be more inclined to ignore patents that are perceived to be overly broad.<sup>201</sup>

Patent owners seem to be affected negatively, at least for the time being, by the recent developments and trends in reexamination practice. Patents may become more difficult to enforce as the number of reexaminations increases over time, leading to more invalidations.<sup>202</sup> The results of the Central Reexam Unit's efforts, particularly in 2008, demonstrate that there will be at least some consequences for those inventors and assignees seeking to procure overbroad patents in the future. Patent applicants can most effectively protect their invention by seeking more surgical claims from the earliest stages of prosecution.<sup>203</sup> Surgical claims more accurately describe the claimed invention as envisioned by the inventor and are more easily distinguished from prior art.<sup>204</sup> Certainly, a patent with narrower claims and

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shall, . . . reissue the patent for . . . the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

*Id.*; 37 C.F.R. § 1.175(a) ("The reissue oath or declaration . . . must also state that: [a]ll errors being corrected in the reissue application up to the time of filing of the oath or declaration under this paragraph arose without any deceptive intention on the part of the applicant.").

<sup>198</sup> 2008 PTO PERFORMANCE AND ACCOUNTABILITY REPORT, *supra* note 189, at 127 (noting that from fiscal year 2004 to fiscal year 2008 *ex parte* reexamination requests increased from 441 to 680 while *inter partes* reexamination requests increased from 27 to 168).

<sup>199</sup> *Id.* (noting that granted requests for *ex parte* reexamination rose from 419 in fiscal year 2004 to an ominous 666 in fiscal year 2008 and requests for *inter partes* reexaminations rose from 5 to 115 during the same period).

<sup>200</sup> *Id.*

<sup>201</sup> Press Release, U.S. Patent and Trademark Office, *supra* note 89 (announcing the establishment of special Central Reexamination Unit tasked with evaluating all reexaminations); Sterne et al., *supra* note 1, at 67–68 (detailing that the Central Examination Unit is made up of highly experienced and motivated patent examiners tasked with the statutory requirement of evaluating reexamination requests with "special dispatch").

<sup>202</sup> See Eric B. Chen, *Applying The Lessons of Re-Examination To Strengthen Patent Post-Grant Opposition*, 10 COMP. L. REV. & TECH. J. 193, 203–04 (2006) (discussing the growing use of reexaminations after litigation to take a "second bite" at patents).

<sup>203</sup> ROBERT C. FABER, LANDIS ON MECHANICS OF PATENT CLAIM DRAFTING § 7:1 (5th ed. 2005).

[I]t is desirable to assert a narrow claim against an alleged infringer, because such a claim is harder to invalidate either on newly discovered prior art or on formal grounds (too broad, etc.). Furthermore, the narrowest scope claim is more likely allowable than the broadest, so that you will initially be presenting and obtaining some patent protection.

*Id.*

<sup>204</sup> *Id.*

more cited art would be expected to have more claims confirmed.<sup>205</sup> While it seems likely that this will require more work in the initial phases of the patent application process, this is not necessarily bad news for the patent holder.<sup>206</sup> A well-constructed patent claim that captures the invention more precisely and accurately will be more valuable because it is more likely to be found valid.<sup>207</sup> Furthermore, starting a patent application process with surgical claims rather than overly broad claims may result in faster allowance of the claims, thus reducing the risk that a court will use the doctrine of prosecution history estoppel to limit the patent's reach.<sup>208</sup>

Patent owners having broadly constructed claims – such as claims that are not limited to products in a particular market segment – will have more difficulty enforcing their patents.<sup>209</sup> Parties against whom such patents have been asserted will inevitably weigh the benefits of reexamination and the likelihood of obtaining a stay of any pending or threatened litigation.<sup>210</sup> Overly broad claims signal to the would-be defendant that the Central Reexamination Unit will probably be inclined to significantly reduce the scope of the claims if not invalidate them altogether as long as there is relevant prior art that presents a substantial new question of patentability.<sup>211</sup>

## VII. REEXAMINATION AND THE QUALITY OF PATENTS

Scholars<sup>212</sup> and public interest groups<sup>213</sup> have voiced concerns over the number of “bad patents”—patents that are poorly drafted or that never should have been

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<sup>205</sup> *Id.*

<sup>206</sup> See generally ERNEST BAINBRIDGE LIPSCOMB, PATENT CLAIMS § 21:3 (3d ed. 2008) (noting that narrow claims may require more refinement by the patentee).

<sup>207</sup> *Id.*

<sup>208</sup> See, e.g., *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 734–35 (2002) (detailing how prosecution history estoppel does not allow a patentee to attempt to broaden its claims after it first narrows them while implying that claims that were originally narrow in scope would result in faster prosecution).

<sup>209</sup> Robert P. Merges & Richard R. Nelson, *On The Complex Economics Of Patent Scope*, 90 COLUM. L. REV. 839, 847–48 (1990) (implying that though broad claims may correctly define an invention such claims may also be more difficult to maintain in a patent suit).

<sup>210</sup> But see Betsy Johnson, Comment, *Plugging The Holes In The Ex Parte Reexamination Statute: Preventing A Second Bite At The Apple For A Patent Infringer*, 55 CATH. U. L. REV. 305, 337–338 (2005) (discussing potential abuse of reexamination proceedings by defendants).

<sup>211</sup> Lipman, *supra* note 54, at 31.

<sup>212</sup> See, e.g., Mark Lemley et al., *What to Do About Bad Patents?*, REGULATION, Winter 2005–2006, at 10, available at <http://www.cato.org/pubs/regulation/regv28n4/v28n4-noted.pdf#page=3> (“Bad patents are everywhere: covering obvious inventions like the crustless peanut butter and jelly sandwich, ridiculous ideas like a method of exercising a cat with a laser pointer, and impossible concepts like traveling faster than the speed of light.”).

<sup>213</sup> See, e.g., Electronic Frontier Foundation, Patent Busting Project, <http://w2.eff.org/patent/wp.php> (last visited April 17, 2009) (detailing the EFF's Patent Busting Project which seeks identify the worst offenders and begin challenging patents in the form of reexamination requests); see also Posting of Rashmi Rangnath to Public Knowledge Blog, <http://www.publicknowledge.org/node/1168> (Aug. 22, 2007, 11:49 EST) (noting that provisions in the Patent Reform Bill of 2007 “[w]ould aid over burdened patent examiners in finding prior art and reduce the possibility that bad patents will issue.”).

issued at all—granted because of an inadequate examination processes.<sup>214</sup> While patent reexamination clearly provides a mechanism for relatively inexpensive determination of patent validity, to what extent does the current implementation of *ex parte* and *inter partes* reexamination procedures rectify the “bad patents” problem and lead to higher quality patents?<sup>215</sup>

The net effect of recent reexamination developments is arguably an improved patent system that encourages innovation, research, and development.<sup>216</sup> The USPTO demonstrated an interest in improving patent quality when it created the Central Reexamination Unit and implemented specialized review of patents under reexamination.<sup>217</sup> Now, third party challengers are playing a role in improving patent quality by successfully increasing the number of reexamination filings and bringing to light improvidently issued patents. As a consequence, patentees will be forced to draft higher quality claims to survive the new era of reexamination scrutiny.<sup>218</sup> These higher quality, surgical claims will provide certainty to the patent system—certainty to the patentee that his patent is narrow enough to withstand invalidity challenges and certainty to potential infringers as to the scope of the claimed invention in the patent.<sup>219</sup> An overly broad claim may remove from the public domain colorable variations of public domain technologies, while narrower claims ensure that what belongs in the public domain remains there. With narrower and higher quality claims licensing companies, or patent “trolls,”<sup>220</sup> are also impeded in their ability to assert an overly broad patent against a multitude of practicing defendants.<sup>221</sup> Ultimately, from the perspective of businesses, research and development will flourish as inventors regain confidence in the patent system as a protector of their ideas.<sup>222</sup>

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<sup>214</sup> See Doug Lichtman & Mark A. Lemley, *Rethinking Patent Law's Presumption of Validity*, 60 STAN. L. REV. 45, 46 (2007) (noting many of the issues related to the PTO's “herculean task” of examining and thereafter granting patents worthy of issuance).

<sup>215</sup> Lipman, *supra* note 54, at 30.

<sup>216</sup> Richard S. Gruner, *Better Living Through Software: Promoting Information Processing Advances Through Patent Incentives*, 74 ST. JOHN'S L. REV. 977, 1064–65 (2000) (noting that utilizing the reexamination process to limit or nullify overreaching software patents encourages research and development).

<sup>217</sup> Press Release, U.S. Patent and Trademark Office, *supra* note 89.

<sup>218</sup> FABER, *supra* note 203, § 7:1; Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722, 734–35 (2002) (implying that narrow claims carry with them a lesser chance of invalidation by a reviewing court).

<sup>219</sup> See FABER, *supra* note 203, at §7:1 (noting the benefits of narrow claims).

<sup>220</sup> Jason Rantanen, *Slaying the Troll: Litigation as an Effective Strategy Against Patent Threats*, 23 SANTA CLARA COMPUTER & HIGH TECH. L.J. 159, 160 (2006) (defining patent trolls as “entities who neither develop new technologies nor participate directly in the market, but instead acquire patent rights solely for the purpose of obtaining a revenue stream”); David W. Opperbeck, *Patent Damages Reform and the Shape of Patent Law*, 89 B.U. L. REV. 127, 130 (2009) (noting that patent trolls are non-practicing entities “that ha[ve] no business model except to collect and license patents.”).

<sup>221</sup> See Eric B. Chen, CONFLICTING OBJECTIVES: THE PATENT OFFICE'S QUALITY REVIEW INITIATIVE AND THE EXAMINER COUNT SYSTEM, 10 N.C. J. L. & TECH. ONLINE ED. 28, 29 (2008), available at [http://jolt.unc.edu/sites/default/files/Chen\\_ConflictingObjectives\\_10NCJOLTOOnlineEd28.pdf](http://jolt.unc.edu/sites/default/files/Chen_ConflictingObjectives_10NCJOLTOOnlineEd28.pdf) (“An increase in patent quality would likely reduce the number of patent disputes, thus decreasing the risk of litigation”).

<sup>222</sup> Kristen Jakobsen Osenga, *Rethinking Reexamination Reform: Is It Time for Corrective Surgery, or Is It Time to Amputate?*, 14 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 217, 217 (2003)

While recent trends in patent reexamination may not bring about immediate and drastic changes in patent quality, it is clear from the legislative measures and initiatives of the USPTO regarding patent reexamination that improving patent quality is one of the goals of recent changes to reexamination procedure.<sup>223</sup> Patent reexamination, however, is only one of many patent reform initiatives designed to improve patent quality.<sup>224</sup> How does patent reexamination compare to other initiatives for improving patent quality? How does patent reexamination fit into the broader scheme directed at improving the patent system?

Defining appropriate recommendations for improving patent quality depends on how the origins of the problem are defined.<sup>225</sup> Do we strengthen enforcement and penalties for infringement, increase standards for patentability, redefine what qualifies as patentable material? And what is the appropriate combination of approaches? There are different approaches to why patents are issued improperly and different concerns with the effects of such bad policy.<sup>226</sup> One method for revisiting and adjusting patent quality is to utilize the reexamination process. These policy recommendations were developed in light of the detrimental effects improvidently granted patents have on public knowledge and the public domain.<sup>227</sup> The following recommendations prioritize this consideration and emphasize approaches to increasing patent quality that minimize the impact of improvidently granted patents on the public domain.

One recommendation is to encourage organized efforts to have a more thorough review of patent applications.<sup>228</sup> Knowledge is a key ingredient to improved patent quality.<sup>229</sup> Examiners have access to only a small portion of existing relevant art while reviewing patent applications.<sup>230</sup> Without a broader scope of prior art,

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(noting that a properly operating patent system leads to confidence and innovation among inventors).

<sup>223</sup> Press Release, U.S. Patent and Trademark Office, *supra* note 89; *e.g.*, Patent Reform Act of 2009, H.R. 1260, 111th Cong. § 6(a) (as referred to H.R. Comm. on the Judiciary, March 3, 2009) (purposing new legislative measures for reexamination procedures in order to enhance patent quality).

<sup>224</sup> *Id.* § 6(a)(2)–(3) (expanding the types of permissible evidence allowed in *inter partes* reexamination in an effort to enhance patent quality).

<sup>225</sup> See *e.g.*, Chen, *supra* note 221, at 45 (recommending patent quality reform measures based on problems with the examiner count system).

<sup>226</sup> See *e.g.*, Shubha Ghosh & Jay Kesan, *What Do Patents Purchase? In Search of Optimal Ignorance in the Patent Office*, 40 Hous. L. Rev. 1219, 1227–28, 1255–56 (2004) (listing the detrimental effects of bad patents and asserting that the U.S. Patent and Trademark Office grants bad patents because it does not consider the impact of the patent on society as a whole); Beth Simone Noveck, “Peer to Patent”: *Collective Intelligence, Open Review, and Patent Reform*, 20 Harv. J. L. & Tech. 123, 132 (2006) (blaming a lack of access to adequate information, and an inability to apply it effectively, for the U.S. Patent and Trademark Office for improvidently awarding patents).

<sup>227</sup> Chen, *supra* note 221, at 28–29 (“[P]atents of questionable quality have [a detrimental impact] on innovation, *e.g.*, discouraging market entry, inducing unnecessary licenses, imposing litigation costs and increasing uncertainty of patent scope.”).

<sup>228</sup> RAEANNE YOUNG, ELECTRONIC FRONTIER FOUNDATION, PATENTS AND THE PUBLIC DOMAIN: IMPROVING PATENT QUALITY UPON REEXAMINATION 13 (2008), *available at* <http://www EFF.org/files/eff-patent-whitepaper.pdf>.

<sup>229</sup> *Id.* at 15.

<sup>230</sup> See *id.* at 13 (discussing how recent legislative proposals attempt to increase the information available to examiners).

examiners are not able to judge whether patent claims are overly broad.<sup>231</sup> In this regard, it is important to increase third party efforts to improve prior art searches and to facilitate a stronger understanding of the world of prior art.<sup>232</sup> The third party efforts may come in the form of public interest groups, for example, which can have a distinct role to play in improving patent quality.<sup>233</sup> Independently funded public interest efforts lack political ties and obligations and are thus appropriately positioned to propose avenues for addressing threats to the public domain.<sup>234</sup> Some public interest efforts are already underway, striving to carve out and protect public knowledge by strengthening and improving the level of review of patent applications.<sup>235</sup>

One pilot program implemented by the USPTO for reviewing patent applications is the Community Patent Review, or Peer-to-Patent Review project.<sup>236</sup> The Community Patent Review strives to address problems with patent quality by strengthening their standards of review with the help of online contributors.<sup>237</sup> The publicly contributed knowledge is intended to help expand the world of prior art, particularly in the information industries, and decrease the number of “bad” patents that emerge from the patent application process in the first place.<sup>238</sup> Specifically, the Community Patent Review is a review process that a patent applicant may request for examining a patent application.<sup>239</sup> “The USPTO puts the application on a . . . web site and allows four months for open comment by peer reviewers.”<sup>240</sup> “Each reviewer can submit examples of prior art, comment on the application and prior art submissions, and rate claims, prior art, prior art submissions, and other peer reviewers.”<sup>241</sup> The examiner then reviews the submitted prior art in determining the patentability of the patent application.<sup>242</sup>

The Community Patent Review is comparable to patent reexamination in that third party recommendations and production of prior art are incorporated into the patent process by the USPTO.<sup>243</sup> The difference is only in the timing: the Community Patent Review applies before issuance of the patent whereas patent reexamination applies after issuance of the patent.<sup>244</sup> One concern for the

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<sup>231</sup> *Id.* at 4–5.

<sup>232</sup> *Id.* at 14.

<sup>233</sup> *Id.*

<sup>234</sup> *Id.*

<sup>235</sup> *Id.* at 14–15.

<sup>236</sup> Noveck, *supra* note 226, at 128; Media Advisory, United States Patent and Trademark Office, USPTO to Test Impact of Public Input on Patent Quality in the Computer Technologies: Peer Review Pilot is Part of Agency Efforts to Promote Quality as Shared Responsibility (June 7, 2007), available at [www.uspto.gov/web/offices/com/speeches/07-21.htm](http://www.uspto.gov/web/offices/com/speeches/07-21.htm).

<sup>237</sup> Noveck, *supra* note 226, at 127.

<sup>238</sup> *Id.*

<sup>239</sup> Stephen R. Munzer, *Commons, Anticommons, and Community in Biotechnological Assets*, 10 THEORETICAL INQUIRIES IN L. 271, 276 (2009).

<sup>240</sup> *Id.*

<sup>241</sup> *Id.*

<sup>242</sup> *Id.*

<sup>243</sup> *Compare id.* (stating that the Community Patent Review allows third party reviewers to submit prior art for consideration by the examiner), with 35 U.S.C. § 301–02 (2006) (allowing any party to submit certain prior art and initiate an *ex parte* reexamination proceeding).

<sup>244</sup> *Compare* Munzer, *supra* note 239, at 276 (explaining that the prior art submitted under the Community Patent Review is reviewed by the patent examiner *in deciding whether the claimed*

Community Patent Review is whether it will acquire a significant enough following to make a difference in the patent prosecution process.<sup>245</sup> The hope is that, eventually, public advocacy groups will see the value of collective information sharing and contribute to the Community Patent Review as a form of public policy in a similar manner as with patent reexamination.<sup>246</sup>

It seems apparent, however, that while these projects are valuable, they cannot carry the burden of effecting change on the entire patent system or create respect for the standard presumption of validity.<sup>247</sup> The USPTO can.<sup>248</sup>

### CONCLUSION

Patent reexamination, a relatively new administrative procedure in the United States patent system, has recently seen a sharp increase in use and attention, most notably due to the increased use of *inter partes* reexaminations.<sup>249</sup> Patent reexamination is now a primary means for attacking the validity of overbroad patents.<sup>250</sup> In litigation, defendants are utilizing patent reexamination as a secondary vehicle for advancing arguments of invalidity as well as a tactical measure to obtain stays of litigation and to avoid preliminary injunctions.<sup>251</sup>

From a broader perspective, increased use of patent reexaminations is improving the patent system.<sup>252</sup> The Central Reexamination Unit of the USPTO has been willing to find substantial new questions of patentability and to invalidate patents where necessary.<sup>253</sup> As a result, reexamination filings will continue to increase, forcing patentees to adapt by writing narrower, higher quality claims in order to survive reexamination.<sup>254</sup> The narrower claims then provide greater certainty to patentees and third parties alike with respect to the validity and scope of

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*invention is patentable*), with 35 U.S.C. § 301 (providing that the prior submitted for reexamination purposes must bear “on the patentability of any claim of a particular *patent*” (emphasis added)).

<sup>245</sup> Noveck, *supra* note 226, at 159.

<sup>246</sup> See J. Steven Baughman, *Reexamining Reexaminations: A Fresh Look at the Ex parte and Inter partes Mechanisms for Reviewing Issued Patents*, 89 J. PAT. & TRADEMARK OFF. SOC’Y 349, 361 (2007) (noting the activity of certain public advocacy groups in reexamination proceedings).

<sup>247</sup> See YOUNG, *supra* note 228, at 14–16 (recommending reform policies that focus on third party prior art submissions, as well as the review of patent applications, and the reexamination of issued patents).

<sup>248</sup> *Id.* (purposing reform policies that require the U.S. Patent and Trademark Office’s substantial involvement).

<sup>249</sup> *Id.* at 10–11.

<sup>250</sup> *Id.* at 8, 10 (noting that reexamination is an effective way to improve patent quality through its ability to narrowing patent claims).

<sup>251</sup> Chiang, *supra* note 122, at 581–83; see also Stacy, *supra* note 53, at 177–82 (analyzing the factors courts consider when deciding whether to grant a motion to stay litigation due to a pending reexamination proceeding).

<sup>252</sup> YOUNG, *supra* note 228, at 5.

<sup>253</sup> *Id.* at 3.

<sup>254</sup> See *id.* at 9 (indicating that broad patent claims are likely to be narrowed or canceled during reexamination).



the patents.<sup>255</sup> With greater certainty comes greater confidence to innovate, research, and develop new technologies.<sup>256</sup>

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<sup>255</sup> See FABER, *supra* note 203, §7:1 (noting the benefits of narrow claims).

<sup>256</sup> See Chen, *supra* note 221, at 28–29 (implying that overbroad patents stifle innovation by discouraging market entry).