

Patent Case Resolution by Inter Partes Reexamination

By Charles Shifley

Sales fell off a cliff, you are not in line for any bailout money, further cost cutting seems impossible without doing serious damage, and now you face a new budget buster. The company founder, who was ousted, set up

a company whose only business is patent creation, and he has sued your company for infringement in a patent-friendly location. He knew how your technology was advancing, he patented ahead of you, and your lawyers predict that a finding of non-infringement is unlikely.

The lawyers also predict that the jury in the patent-friendly court is not likely to overrule the so-called experts at the Patent Office who issued the patents garnered by your nemesis. Win or lose, the attorneys' fees could — for starters — amount to quarterly expenses of as much as several million dollars.

Is there a less expensive way to handle this situation? The answer may be yes. Patent law has evolved,

and there is a new option called “inter partes patent reexamination” that, for some patent disputes, can significantly reduce costs. This procedure involves a new group of “super examiners” in the U.S. Patent Office. They are selected from the examiner ranks on the basis of their work quality and efficiency, and their job is to re-examine issued patents.

Importantly, once a party files for inter partes reexamination, it proceeds with “special dispatch,” in the open, and with participation of the requester at every step, with ample opportunity for the requester to respond to anything the patent owner files.

This right of response is espe-

cially valuable. As noted in a recent practice guide (*Inter Partes Reexamination* by Matthew A. Smith), a reexamination presents the patent owner with some unpleasant dilemmas. If the owner amends the patent, it gives up rights to those who would otherwise be infringers. If the owner argues for narrow patent interpretation, courts will consistently interpret the patent narrowly. If the owner argues against the prior art, the owner provides “technological safe harbors” where its competitors can operate without infringement.

Inter partes reexamination has been around for about a decade, but it began to gain popularity relatively recently. Filings for inter partes

reexamination in year 2007 alone exceeded all the filings for inter partes reexamination from 2001 through 2005.

Inter partes reexamination was conceived as way to have patent validity reexamined more cheaply than by litigation. No one litigates

your competitors' patents, and if you have "publications" of those past uses, such as published engineering drawings, brochures and flyers, you can "convert" the past uses into publications and use them to invalidate patents.

Perhaps one of the most frus-

is not very reasonable in that context. Worrying over the loss of a decision by a federal judge is more reasonable, but that concern likely overestimates the time and depth of study available to a judge, as compared to a super examiner. And for every patent "hawk" among the federal judiciary, i.e., every judge inclined to declare patents invalid, there is surely a patent "dove," inclined to let a jury decide on validity.

Fourth, inter partes reexamination is considered by some to be undeveloped, and some patent lawyers have been waiting for it to become more settled. Some are still waiting, but the law has been developing and is more settled now than it was.

Criticisms remain. It's been said that reexamination applications have been rejected over technicali-

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patent cases without filing for summary judgment at least once, and often more than once, and according to an estimate by Matthew Smith in his practice guide, the cost of inter partes reexamination is comparable to the cost of just one such motion, and between one and ten percent of the total cost of a district court patent case through a jury verdict.

So, on the plus side, inter partes reexamination provides low cost, speed, the competence of the super examiners, full requester participation and the absence of a jury. Like any legal procedure, however, inter partes reexamination has disadvantages as well as advantages.

First, it does not in and of itself permit discovery of the patent owner. With inter partes reexamination, there will be no document requests, no interrogatories and no depositions.

Of course, not being on the receiving end of these requests can be considered an offsetting advantage. In effect, both sides are spared the high costs of document collection and review.

Second, inter partes reexamination is not a process that results in a non-infringement decision.

However, that's not its purpose. Reexamination is focused on comparing the patents being reexamined to older patents and publications. If, as well, you have your own past uses of inventions that would invalidate

trating aspects of conventional patent disputes is reviewing a patent's file and finding that the patent's own file included prior art that should have prevented the patent from issuing and should now invalidate the patent. Often, the file contains prior art that should have been used by the examiner to reject claims, but wasn't,

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perhaps because of late citations to the prior art by the applicant or maybe, for lack of better explanation, because of slipshod examination. Convincing juries to second guess patent examiners on the same materials they reviewed, however, is chancy at best.

Inter partes reexamination is different. You can base it on the same prior art reviewed by the examiner who issued the patent. All you need is an argument that puts the prior art in a new light, and that is not much of a hurdle.

A third possible disadvantage, and this is a big one, the requesters who lose in inter partes reexamination may not raise the same issues in litigation. They are "estopped."

However, one must consider the estoppel in context. One of the attractions of inter partes reexamination is avoiding a jury. Worrying over the loss of a decision by a jury

ties, or that even with special dispatch they take too long, when appeals are considered.

But the fact that inter partes reexamination has become increasingly common suggests that most patent lawyers are no longer waiting for the law to develop and see it as a useful strategy. Today, any company that has been sued by its departed founder, by a holding company (aka a patent troll) or a major competitor is well advised to seriously consider inter partes patent reexamination.



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