

TRENDS IN *INTER PARTES* REEXAMINATION



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An avenue of attack being used more frequently against patents than just a few years ago is *inter partes* reexamination.

It is believed that *inter partes* reexamination requests were not widely used when they became available in November 1999 due to the estoppels that arise in litigation after initiating this type of proceeding, as opposed to *ex parte* reexamination requests. With a longer track record dating back to July 1981 and no statutory estoppels in a later or concurrent litigation, *ex parte* reexams were by far the preferred avenue when a third party wished to attack a patent in the United States Patent and Trademark Office (USPTO) at the beginning of this century.

A driving factor in the recent increase of requests for *inter partes* reexam is believed to be the “success” rate published by the USPTO in obtaining certificates with “all claims canceled (or disclaimed).” According to USPTO statistics, as recently as the period ending March 31, 2009, the success rate of “all claims” being knocked out in *inter partes* reexamination was 73%. This is much higher than the 13% kill rate of all claims for *ex parte* reexamination for the same period.

A review of more recent statistics, however, shows that this success rate is plummeting. According to USPTO statistics, for the period ending December 31, 2010, the success rate of all claims being knocked out in *inter partes* reexamination was at 47% (based on 221 *inter partes* reexam certificates issuing since *inter partes* reexam proceedings became available).

An independent study done by the author of this article for certificates issuing between September 8, 2009 and December 31, 2010 shows that the rate of all claims being knocked out in *inter partes* reexam was 30% (based on 121 *inter partes* reexam certificates issuing during that period), and that between July 1, 2010 and December 31, 2010, the rate has dropped to 24.5% (based on 53 *inter partes* reexam certificates issuing during that period).



While the kill rate for patents has been plummeting, the rate of filings of *inter partes* reexaminations has been skyrocketing. According to the USPTO statistics, requests for *inter partes* reexamination have grown from seventy (70) in 2006 to two hundred eighty one (281) in 2010. From 2009 through June 2010, the author calculated that the percentage of *inter partes* reexam requests has now risen to about 28% of the total of reexam requests filed by third parties. The percentage of *inter*

partes reexamination requests known to be in litigation is about 70% (i.e., about 264 cases), while for *ex parte* reexamination requests, the percentage known to be in litigation is about 32% (i.e., about 304 cases). These statistics show the increasing trend to file for *inter partes* reexamination, and to do so when there also is ongoing patent infringement litigation.

A party who is considering whether to file a request for reexamination needs to consider a number of factors. One factor to consider in deciding whether to file for reexamination is whether the patent owner has moved or will likely move for preliminary relief. Some courts

instance required a third party that sought a stay pending *ex parte* reexamination to agree to be bound to the estoppels that would apply had there been a pending *inter partes* reexamination. Thus, if you want to stay litigation in a jurisdiction like the Eastern District of Texas, then you might opt for *inter partes* reexamination so that you get the benefits of that proceeding in the USPTO over those of *ex parte* reexamination.

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appear to be more willing to deny preliminary relief if there is a reexamination pending in the USPTO.

A party who is considering whether to file for *inter partes* or *ex parte* reexamination has additional factors to consider. A key factor in deciding whether to file for *inter partes* reexamination is whether the third party believes that having the ability to respond to arguments presented by the patent owner and appeal any USPTO decision favorable to the patent owner outweighs any estoppels that arise from such a proceeding over *ex parte* reexamination.

Yet another factor to consider is whether the third party desires to move for a stay of litigation pending reexamination. Some courts may be more willing to stay litigation if there is a pending *inter partes* reexamination, as opposed to an *ex parte* reexamination. The Eastern District of Texas has in at least one

recent statistics can be used to help defeat a motion to stay litigation pending *inter partes* reexam by rebutting the published USPTO knock out rate numbers, which include all *inter partes* reexam certificates. Indeed, the author compiled recent statistics and used them to help defeat motions to stay litigation pending *inter partes* reexamination for different clients in different courts. One of those courts was the Northern District of California, a court that historically has granted stays pending reexamination more often than not. The litigation in the Northern District of California settled shortly after the motion to stay was denied. ■