

REEXAMINING REEXAMINATIONS: A FRESH LOOK AT
THE *EX PARTE* AND *INTER PARTES* MECHANISMS
FOR REVIEWING ISSUED PATENTS

By J. Steven Baughman*

“Reexamination” has long been part of the patent practitioner’s lexicon, but with the recent spate of front-page reexaminations—ranging from the patents asserted against RIM’s BlackBerry to Smuckers’ patent on a “sealed crustless sandwich”—“reexamination” is becoming a household word. Ironically, this increased public profile for a decades-old administrative proceeding comes at a time when Congress has been considering possible changes to the reexamination system, along with other alternatives for post-grant patent review. As business adversaries, public advocacy groups, and even the Director of the United States Patent and Trademark Office (USPTO) tee up an increasing number of high-profile reexaminations, and while underlying USPTO policies shift and additional changes may loom on the horizon, now is the time for a second look at what traditional *ex parte* reexamination, and the newer *inter partes* form, have to offer both potential infringement defendants and patent owners.

I. REEXAMINATION BASICS

Reexamination is, at bottom, a vehicle for the USPTO to consider substantial new questions of patentability concerning the claims of an existing patent—essentially, a limited “do-over” of the original patent examination process before the USPTO. The existence of a “substantial new question”—one “substantially different from those raised in the previous examination of the patent before the Office”—is the threshold requirement for triggering this process.¹ This question must be raised by “prior art *patents* or *printed publications*” cited by the requester or found by the Examiner.² Other issues of patent validity and enforceability—such as

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This article is intended to provide an overview of various issues of interest relating to reexamination. It is not legal advice, and readers should consult their attorneys for advice appropriate to their particular circumstances.

1. See, e.g., MPEP §§ 2216, 2616; 35 U.S.C. §§ 304, 312.
2. See, e.g., MPEP §§ 2244, 2644 (emphasis added); 35 U.S.C. § 301.

public use, the “on sale” bar, fraud or abandonment—are not to be considered in reexamination.³

The statute does not specify what constitutes a “substantial new question of patentability,” but the USPTO takes the view that:

A prior art patent or printed publication raises a substantial question of patentability where there is a substantial likelihood that a reasonable examiner would consider the prior art patent or printed publication important in deciding whether or not the claim is patentable. If the prior art patents and/or publications would be considered important, then the examiner should find “a substantial new question of patentability” unless the same question of patentability has already been decided as to the claim in a final holding of invalidity by the Federal court system or by the Office in a previous examination.⁴

In 2002, Congress amended the reexamination statute to reverse the prior rule and make clear that even the *same* art previously cited to and considered by the USPTO can give rise to a substantial new question of patentability.⁵ As explained in the USPTO’s revised guidance, a substantial new question “may be based solely on old art where the old art is being presented/viewed in a *new light*, or in a different way, as compared with its use in the earlier concluded examination(s), in view of a material new argument or interpretation presented in the request.”⁶

For patents that have not yet expired, the patent owner has an opportunity during reexamination to amend its claims or add new claims in an effort to overcome the examiner’s rejections. These new or amended claims, however, may not broaden the scope of the patent,⁷ and claims found to violate this rule will be held invalid.⁸

In order to “diminish the perception that the patent owner can disproportionately influence the examiner in charge of the proceeding” and to “provide greater assurance that all matters will be addressed appropri-

3. See, e.g., MPEP §§ 2258(H), 2658(H). See also MPEP § 2258 (identifying sections of 35 U.S.C. § 102 upon which prior art rejections may be based in *ex parte* reexamination), § 2658 (same for *inter partes* reexamination).

4. See MPEP § 2242 (“The meaning and scope of the term ‘a substantial new question of patentability’ is not defined in the statute and must be developed to some extent on a case-by-case basis, using the case law to provide guidance”).

5. See 35 U.S.C. § 303(a) (“[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 Office or considered by the Office”). This amendment effectively overruled a contrary holding in *In re Portola Packaging Inc.*, 110 F.3d 786 (Fed. Cir. 1997).

6. USPTO’s Revised Guidelines for Usage of Previously Cited/Considered Prior Art in Reexamination Proceedings (June 6, 2003), available at <http://www.uspto.gov/web/offices/pac/dapp/opla/preognotice/portolarev.html> (last visited 11/19/06). See also MPEP §§ 2242, 2642 (same).

7. See 35 U.S.C. §§ 305, 314; MPEP §§ 2258, 6258.

8. See *Quantum Corp. v. Rodime, PLC*, 65 F.3d 1577 (Fed. Cir. 1995), cert. denied, 517 U.S. 1167 (1996).

ately,” the USPTO has adjusted its procedures to make the prosecution of reexaminations somewhat different from ordinary patent prosecution. These changes include the requirement of a three-member “patentability review conference” at several key points in the reexamination process, including prior to issuing a final rejection and prior to issuing a notice of intent to issue a Reexamination Certificate (the final paper setting out the disposition of the patent).⁹ Ordinarily, the reexamination will be assigned to an examiner who did not participate in the original prosecution of the patent.¹⁰ In July 2005, the USPTO also announced that it would no longer assign reexaminations to examiners based on technology, but would instead assign all new reexaminations to a specially-assembled Central Reexamination Unit made up of “twenty highly skilled primary examiners who have a full understanding of reexamination practice and relevant case law [and] will concentrate solely on reexamination.”¹¹

II. TYPES OF REEXAMINATION

Reexaminations come in two basic flavors—an *ex parte* process that has been available since 1981, and a newer *inter partes* variety launched almost two decades later in 1999.

A. *Ex Parte* Reexamination

An *ex parte* reexamination can be requested by the patent owner (asking the USPTO to reaffirm the patentability of existing or amended claims in the face of new prior art arguments), or by a third party (typically attacking the validity of one or more claims of the patent). In either case, a USPTO examiner will consider the request to determine—within three months—whether a substantial new question of patentability has been raised.¹² Historically, the USPTO has found a substantial new question in almost every *ex parte* request—its most recent figures reflect that, through Fiscal Year (FY) 2006, requests for *ex parte* reexamination were granted more than ninety percent of the time.¹³ As discussed in more detail below, an *ex parte* reexamination may also be initiated directly by the USPTO’s Director.¹⁴

As its name suggests, once begun an *ex parte* reexamination takes place with only the patent owner communicating with the USPTO examiner. The third-party requester (if there is one) has no ongoing role in

9. See MPEP §§ 2271.01, 2671.03.

10. See MPEP §§ 2236, 2636.

11. See USPTO Press Release #05-38, *USPTO Improves Process For Reviewing Patents* (July 29, 2005), copy available at <http://www.uspto.gov/web/offices/com/speeches/05-38.htm> (last visited 11/19/06).

12. See 35 U.S.C. § 303(a); 37 C.F.R. § 1.515(a); MPEP § 2241.

13. According to USPTO figures, as of September 30, 2006, ninety-one percent of all requests for *ex parte* reexamination had been granted. See USPTO *Ex Parte* Reexamination Filing Data (Sept. 30, 2006).

14. See, e.g., 37 C.F.R. § 1.520; MPEP § 2239.

the reexamination process or appeal once the initial request has been filed, unless the patent owner files an optional Owner's Statement, to which the requester may then reply. This lopsided representation in the process creates a procedural edge for the patent owner, who can enjoy an exclusive dialog with the examiner (complete with interviews) once the reexamination is underway. Indeed, this factor is often cited by third parties who choose not to pursue *ex parte* reexamination, which effectively requires the requester to provide as much ammunition to the examiner as possible (and to anticipate and counter the patent owner's likely responses) in its initial submission. The original request may accordingly include, among other things, declarations from persons of ordinary skill in the art to explain in more detail the contents or pertinent dates of prior art patents or printed publications.¹⁵

B. *Inter Partes* Reexamination

The *inter partes* reexamination process, created by Congress in 1999, shares much in common with *ex parte* reexamination, but with several obvious differences. These pertain largely to third-party requesters, who enjoy more ongoing participation than in an *ex parte* reexamination and are the only entities entitled to start this *inter partes* process. As the USPTO has summarized:

Inter partes reexamination differs from *ex parte* reexamination in matters of procedure, such as when the third party requester can participate, the types of Office actions and the timing of issuance of the Office actions, and the requirement for identification of the real party in interest. *Inter partes* reexamination also differs from *ex parte* reexamination in the estoppel effect it provides as to the third party requesters and when the initiation of a reexamination is prohibited. *Inter partes* reexamination **does not**, however, differ from *ex parte* reexamination as to the substance to be considered in the proceeding.¹⁶

The *inter partes* procedure, which is available only for patents issued on applications filed on or after November 29, 1999, generally affords the third-party requester a non-extendable thirty-day window after each filing by the patent owner in which to comment to the examiner and respond to the patent owner's arguments. This reply opportunity is only available, however, if the patent owner actually makes a filing. If the patent owner does not respond to an office action (such as when the examiner allows all claims), the third party does not get a chance to comment. The requester does get an opportunity to take part in an appeal from an *inter partes* reexamination, which would proceed first to the Board of Patent Appeals and Interferences and then (as of 2002) directly to the Federal Circuit.¹⁷ It is also worth noting that interviews on the merits are prohib-

15. See MPEP § 2258.

16. See MPEP § 2658.

17. See 35 U.S.C. § 315(b)(1).

ited in *inter partes* reexaminations, thus removing one of the persuasive tools a patent owner might employ in an *ex parte* reexamination.¹⁸

Apart from third-party participation, perhaps the most discussed feature of *inter partes* reexamination is its estoppel consequences for the third-party requester. By statute, “[a] third-party requester whose request for an *inter partes* reexamination results in an order . . . is estopped from asserting at a later time, in any civil action arising in whole or in part under section 1338 of title 28, United States Code, *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.*”¹⁹ Although—as the USPTO has acknowledged—there is debate about the precise scope of the estoppel created by the statute, it is clearly a serious issue to be considered by potential requesters.²⁰

Another procedural difference worthy of note involves timing in the initial stage of reexamination. In *inter partes* reexamination, the USPTO’s order granting reexamination is ordinarily expected to be accompanied by a first office action on the merits (and, as discussed below, it typically has been in practice).²¹ As in *ex parte* reexamination, the USPTO’s decision to grant or deny an *inter partes* request for reexamination is due within three months of the request, and thus far requests for *inter partes* reexamination have been granted even more frequently than *ex parte* requests—about ninety-four percent of the time through FY 2006.²²

III. TACTICAL CONSIDERATIONS

As the discussion above suggests, reexamination presents different options and potential benefits for differently-situated parties. A reasoned decision about whether to seek reexamination to begin with, and, if so, which flavor of reexamination to select, requires a careful assessment of the particular circumstances presented, including factors ranging from budget and time constraints to technical complexity and the size of the potential prior art arsenal.

18. See MPEP § 2685.

19. See *id.* § 315(c) (emphasis added).

20. See, e.g., United States Patent and Trademark Office Report to Congress on *Inter Partes* Reexamination, at 5 (2004), available at <http://www.uspto.gov/web/offices/dcom/olia/reports/reexamreport.pdf> (last visited 11/19/06), at 7 (“In the view of round table participants, it is not clear how extensive a prior art search must be in order to avoid the ‘could have been raised’ estoppel or to satisfy the exception that a prior art issue could not have been raised if the prior art was ‘unavailable’ to the third party.”).

21. See MPEP § 2660; 37 C.F.R. § 1.935.

22. See 35 U.S.C. § 312(a); 37 C.F.R. § 1.923; MPEP §2641; USPTO *Ex Parte* Reexamination Filing Data (Sept. 30, 2006); USPTO *Inter Partes* Reexamination Filing Data (September 30, 2006).

A. *For a Patent Owner Considering Reexamination*

For a patent owner wishing to “repair” potentially invalid claims of an issued patent by narrowing them to avoid prior art arguments (ideally with only minor amendments), *ex parte* reexamination offers a chance to re-engage the USPTO examination process. It also offers a patent owner the opportunity to run new prior art arguments (including those made to the owner by alleged infringers) past the USPTO, and, if successful, to enjoy the benefits of a USPTO conclusion that the patent’s claims are valid notwithstanding the additional art. Patent owners have initiated about forty-one percent of *ex parte* requests to date, and have succeeded ninety-three percent of the time in getting the USPTO to confirm the patentability of either all of their original claims (twenty-three percent), or some amended set of claims (seventy percent).²³ As a procedural matter, patent owners do not have the option of initiating an *inter partes* reexamination.

B. *For a Third Party Considering Reexamination: Reexamination or Litigation?*

Third-party requesters may have choices not only about which type of reexamination they prefer in a given situation, but also about whether they wish to seek reexamination to start with. A third party facing infringement claims may, for example, have the option of litigating a validity challenge rather than requesting reexamination, and each forum may have advantages in particular circumstances.

1. *Reexamination.* For example, in litigation an alleged infringer faces the challenge of proving invalidity by clear and convincing evidence, but a third party does not face this burden in reexamination. Instead, the requester in reexamination can present arguments directly to a patent examiner experienced in making validity determinations—potentially a different sort of audience than the requester might find in court. For reexamination purposes, claims of unexpired patents are also given their broadest reasonable construction by the USPTO, providing a potentially broader target for attack than might result from a *Markman* process construing the claims in court.²⁴ Thus, the third party’s choice of litigation or reexamination may turn, in part, on an assessment of how facially strong its invalidity arguments may be, how dependent they are on a par-

23. See USPTO *Ex Parte* Reexamination Filing Data—(September 30, 2006).

24. See MPEP § 2258(I)(G); *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364, 1369 (Fed. Cir. 2004) (“The ‘broadest reasonable construction’ rule applies to reexaminations as well as initial examinations. . . . Giving claims their broadest reasonable construction ‘serves the public interest by reducing the possibility that claims, finally allowed, will be given broader scope than is justified’”; “We have held that it is error for the Board to ‘apply the mode of claim interpretation that is used by courts in litigation, when interpreting the claims of issued patents in connection with determinations of infringement and validity’”) (citations omitted).

ticular claim construction, and what type of decision-maker may be best suited to work through these questions to a favorable result.

The reexamination process will also likely require the patent owner to take further on-the-record positions about the meaning of its claims, and may lead to additional prosecution history helpful to the third party in making later non-infringement arguments in litigation. In reexamination the patent owner (as in the original prosecution of the patent, and unlike a third-party requester) is also subject to an ongoing duty of disclosure to the USPTO,²⁵ leading to the possibility of additional unenforceability arguments for an alleged infringer if that duty is not met.

Moreover, claims that are substantively amended or added during reexamination may have limited application: those practicing an allegedly infringing activity before the new or amended claim is granted have the right to “continue the use of, to offer to sell, or to sell to others to be used, offered for sale, or sold, the specific thing so [previously] made, purchased, offered for sale, used, or imported,” and a court may also provide equitable rights to those who have made “substantial preparations.”²⁶

Even if litigation has already begun, reexamination raises the possibility of a stay of court proceedings while the USPTO conducts the process, particularly when the request is made before significant litigation activity.²⁷ If litigation can be stayed and a favorable result achieved in reexamination, this will very likely be a far less expensive course (particularly in *ex parte* reexamination, where the third party’s opportunities for active participation are limited). A stay may, at minimum, result in the postponement of significant litigation expense for a period of, *e.g.*, eighteen or more months while the reexamination proceeding plays out.²⁸

It is important to bear in mind that reexamination may be initiated, and would continue, despite a district court ruling adverse to the third party.²⁹ Reexamination can thus provide a “second chance” at a result

25. See, *e.g.*, 37 C.F.R. § 1.555.

26. See 35 U.S.C. §§ 252, 307(b), 316.

27. Other typical factors include whether a request is deemed to have been made for proper purposes (rather than mere delay), whether reexamination is likely to simplify issues for trial, and whether the Court feels there would be a benefit to having the USPTO make the first assessment of invalidity evidence. See also 35 U.S.C. § 318 (in *inter partes* reexamination, “the patent owner may obtain a stay . . . unless the court . . . determines that a stay would not serve the interest of justice”).

28. Reexaminations are, by statute, to be handled with “special dispatch.” See 35 U.S.C. §§ 305, 314(c). Through FY 2006, the average and median times to completion (*i.e.*, a certificate of reexamination) for *ex parte* reexaminations were 22.9 months and 17.8 months, respectively, and 27.9 and 29.7 months, respectively, for *inter partes* reexaminations. See USPTO *Ex Parte* Reexamination Filing Data (Sept. 30, 2006); USPTO *Inter Partes* Reexamination Filing Data (September 30, 2006).

29. See, *e.g.*, *Ex parte* reexaminations of U.S. Pat. Nos. 5,436,960, 5,819,172, 6,067,451, and 5,625,670 (NTP), and *inter partes* reexamination of U.S. Pat. No. 6,317,592 (NTP), each initiated by Research In Motion, Ltd.; *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1287 (Fed. Cir. 2005) (noting judgment entered by U.S. District Court for the

favorable to the alleged infringer and adverse to the patent owner. Indeed, because it cannot be halted by the requester once it is begun, the imminent potential filing of a reexamination request may be a significant bargaining chip with the patent holder.

Reexamination also allows a third-party requester to press the invalidity of a patent without facing discovery or cross-examination. In addition, the requester can also avoid direct confrontation of its adversary—a potential plus if, for example, the parties must maintain an ongoing business relationship.

Finally, for a third party not facing infringement claims (or at least not yet), reexamination presents an avenue for an active patent challenge when litigation may not be an option.

2. *Litigation.* In litigation, on the other hand, the defendant can present the full range of non-infringement and invalidity defenses together, while grounds of rejection in reexaminations are limited to patents and printed publications.³⁰ An alleged infringer in litigation can also seek discovery of the patent owner and cross-examination of the owner's assertions. And in litigation the patent owner must live with its patent as it was issued—the owner cannot clean up the claims through amendment, as it would be permitted to do in reexamination.

Litigation also avoids another concern inherent in reexamination—the risk that a time-pressed examiner may not be able to devote as much careful, detailed attention as the requester would wish to each of many references that may be cited, potentially turning the reexamination into a “rubber stamp” process culminating in a USPTO conclusion of validity notwithstanding a huge list of references submitted by the patent owner to defuse their possible later use in litigation. Indeed, overall complexity—such as the number of patents involved, the intricacy of the invalidity arguments, and the level of technical detail—may, in a particular case, tip the balance in favor of either litigation or reexamination (and then toward a particular type of reexamination).

Finally, a litigation proceeding—unlike reexamination—can generally be resolved by agreement. While the fact that a commenced reexamination proceeding must run its course may give the potential reexamination requester bargaining power *before* the request is filed, that power may largely be dissipated once the process has begun and the requester can no longer offer effective peace to the patent owner.

Eastern District of Virginia on jury verdict of infringement in favor of NTP, Inc. concerning these patents), *cert. denied*, 126 S. Ct. 1174 (2006).

30. It is worth noting, however, that additional information may be considered in conjunction with patents and printed publications, such as admissions by the patent owner in the file or court record. *See, e.g.*, MPEP §§ 2258, 2658.

C. *Ex Parte* or *Inter Partes* Reexamination?

1. *Ex Parte* Requests. In addition to the considerations that apply to the choice between litigation and reexamination generally, there are features of *ex parte* and *inter partes* reexaminations that may make one or the other more attractive in a particular instance. *Ex parte* reexaminations, for example, may be conducted anonymously without identifying the requester. This anonymity may not last through discovery in litigation, and thus may be more of a factor for potential requesters who have not yet been sued, but it can be an important tactical advantage, particularly if there is a large field of potential infringers.

As discussed above, *ex parte* reexamination also offers fewer opportunities for the requester to participate actively, and the requester cannot participate in appeals. While this means that the requester loses control over how the reexamination will progress, it may also mean lower legal fees (at least in the short run) than in an *inter partes* proceeding or litigation. Although an *ex parte* requester does not have the right to active participation, it also does not face the formal estoppel dictated for *inter partes* cases.

In addition, an *ex parte* requester may be able to create practical opportunities for continued involvement in the reexamination process by submitting additional requests for reexamination. For example, a new, subsequent request may allow the requester to respond to the patent owner's arguments about the grounds for rejection in an office action, and will typically be consolidated into the pending reexamination. This was fairly easily accomplished before 2004, when an earlier version of MPEP § 2240 provided that subsequent requests would generally be granted if they cited the same prior art as a pending reexamination; the reasoning was that this art "continue[d] to raise a substantial new question of patentability until the pending reexamination is concluded." In 2004, however, the USPTO implemented a policy change (reflected in revised versions of MPEP § 2240) requiring a "substantial new question of patentability which is different than that raised in the pending reexamination proceeding." This presents a higher, but not insurmountable, bar for the requester. If the requester successfully presents a *different* substantial new question triggering USPTO approval of the additional reexamination request, other issues raised in the request (including arguments pertaining to developments in the pending reexamination) may also receive practical consideration, so long as they are the appropriate subject of reexamination.³¹

2. *Inter Partes* Requests. *Inter partes* reexamination, on the other hand, is not an option in every instance—it is available only to third-party requesters, and only for patents issued on applications filed on or after November 29, 1999. Where it is available, there is a significantly greater opportunity for direct requester participation (including appeals to the

31. See, e.g., MPEP § 2258.

Board of Patent Appeals and Interferences and Federal Circuit), although this also likely means higher legal costs. As discussed above, the requester's participation during the prosecution of the reexamination before the examiner is also generally limited to instances where the patent owner actually files a response to an office action, so there is a risk that the benefits of participation will remain theoretical if the patent owner does not respond (as when all claims are allowed in an office action). The response period is also limited to a short (and non-extendable) thirty days from the date of service of the patent owner's filing, which may render the ability to participate less meaningful in a complex case.

As noted above, there may be an advantage in speed for obtaining a first substantive office action in an *inter partes* proceeding, since this is ordinarily expected to accompany the USPTO's decision granting or denying the reexamination request.³² However, while the number of *inter partes* proceedings actually concluded since the process began in 1999 is very small (only seven *inter partes* reexamination certificates have issued, as opposed to the 5,537 *ex parte* certificates issued since 1981), the average and median times to completion for these seven *inter partes* reexaminations (27.9 and 29.7 months, respectively) are actually somewhat higher than the times for their *ex parte* counterparts (22.9 months and 17.8 months, respectively).³³ Thus, apart from an initial boost in speed for obtaining a first substantive view from the USPTO, *inter partes* reexamination may not generally lead to a faster overall result.

Perhaps most importantly, formal estoppel attaches to arguments that were raised or could have been raised during the reexamination by the third-party requester, who must be identified in the request. Estoppel concerns have historically been exacerbated by the USPTO's prior practice of declaring reexamination as to *all* claims of a patent, even if the requester had sought reexamination as to only a limited number of claims. These concerns may be reduced somewhat by an October 5, 2006 policy clarification in which the USPTO stated that, "where reexamination is requested for fewer than all of the patent claims . . . [i]n the examination stage of the proceeding, the Office will *generally* examine only those claims for which reexamination was requested, and for which a substantial new question of patentability (SNQ) was raised."³⁴ There are also at least two other factors that may lessen the relative significance of estop-

32. See Joseph D. Cohen, *What's Really Happening in Inter Partes Reexamination*, at 9 (reporting that 67 of the 86 orders granting reexamination by the time of the article (apparently based on USPTO data through 7/1/05) were issued with a first office action), available at <http://www.stoel.com/Files/InterPartes.pdf> (last visited 11/19/06) (updated on-line version of article first published in 87 J.Pat. & Trademark Off. Soc'y 207 (March 2005)).

33. See USPTO *Ex Parte* Reexamination Filing Data (Sept. 30, 2006); USPTO *Inter Partes* Reexamination Filing Data (September 30, 2006).

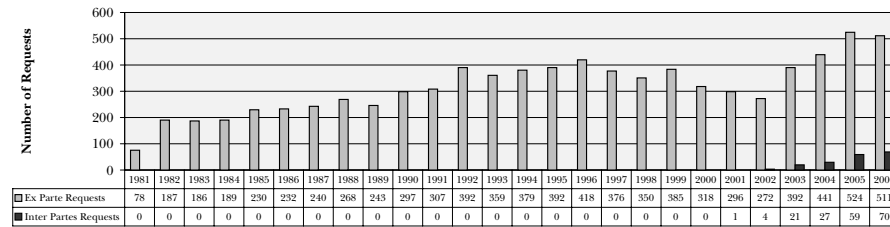
34. See Notice of Clarification of Office Policy to Exercise Discretion in Reexamining Fewer Than All the Patent Claims (Oct. 5, 2006), available at <http://www.uspto.gov/web/>

pel, at least when compared to *ex parte* reexamination. First, if it is discovered in litigation that a party has engaged in *ex parte* reexamination before the USPTO, there is a risk that the party may face—as a practical matter—an effective estoppel before the trier when it comes to invalidity arguments that were or could have been made in the reexamination. Second, the estoppel in the *inter partes* reexamination statute does not preclude the requester from raising other grounds of invalidity or unenforceability that are not cognizable in reexamination, such as public use, the “on sale” bar, fraud, or abandonment.

D. Empirical Considerations

1. *Requests in litigation.* Whether it is the result of lessened concerns about estoppel when an alleged infringer is already party to a patent suit, or the result of some other factor, a significantly higher proportion of *inter partes* reexamination requests are known to involve patents already in litigation—some forty-one percent, or roughly twice the twenty-three percent of *ex parte* requests known to involve patents in litigation.³⁵

2. *Volume of Requests.* *Ex parte* requests still greatly outnumber *inter partes* requests in absolute terms. In FY 2006, for example, there were 511 *ex parte* requests—more than seven times as many as the seventy *inter partes* requests in that year:³⁶



Since FY 2002, the rate of year-to-year growth in the number of requests has been higher each year for *inter partes* requests than for *ex parte* requests, but the growth has been unsteady (and may be an artifact of the recent introduction of the *inter partes* mechanism):³⁷

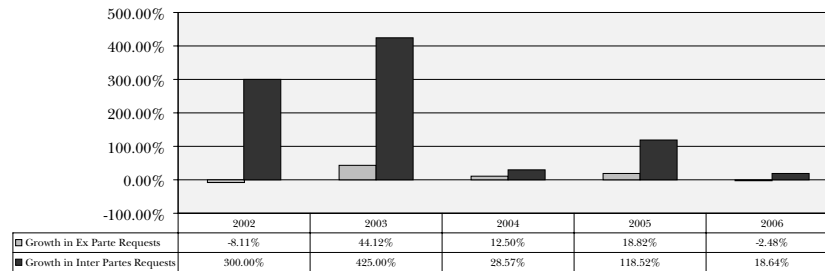
In 2004, the USPTO reported to Congress on what it deemed an unexpectedly lackluster showing for *inter partes* reexaminations, noting that “(1) the number of requests for *inter partes* reexamination was far below initial projections, and (2) the introduction of *inter partes* reexamination practice had a negligible effect on the number of *ex parte* reexami-

offices/com/sol/og/patclam.htm (last visited 11/19/06). The USPTO notes, however, that it may nonetheless choose to reexamine additional claims. *Id.*

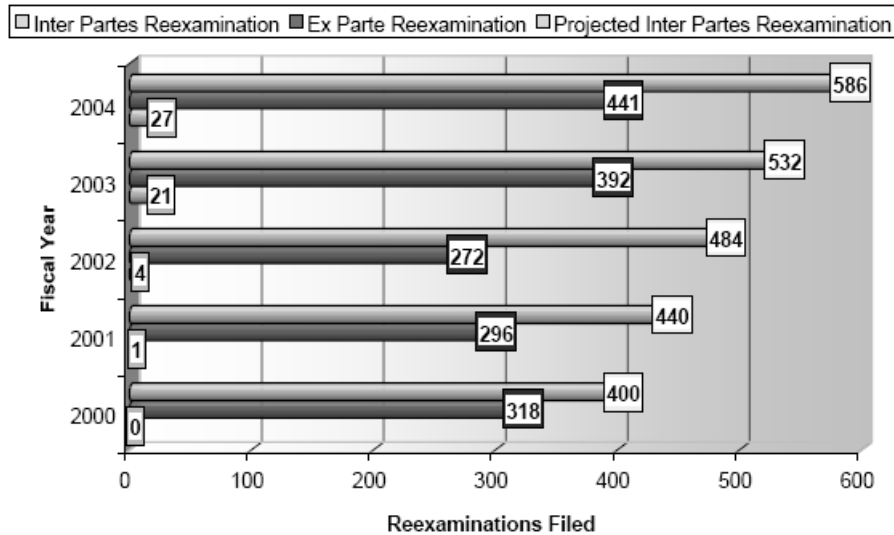
35. USPTO *Ex Parte* Reexamination Filing Data (Sept. 30, 2006); USPTO *Inter Partes* Reexamination Filing Data (September 30, 2006).

36. Data compiled from USPTO *Ex Parte* Reexamination Filing Data (Sept. 30, 2006); USPTO *Inter Partes* Reexamination Filing Data (September 30, 2006).

37. *Id.*



nations filed.”³⁸ This is illustrated rather dramatically in the following USPTO chart from that report, which compared actual *inter partes* filings (the bottom bar for each year) with the USPTO’s projections (the top bar for each year):³⁹



3. *Outcome of Requests.* While the total numbers of concluded reexaminations are vastly different for *ex parte* requests (5,537) and *inter partes* requests (seven), thus rendering the usefulness of statistical comparisons uncertain, a comparison of cumulative outcomes to date from these two mechanisms is nonetheless intriguing. For third-party requesters, for example, an *ex parte* proceeding has been more than twice as likely to result in the confirmation of all claims than an *inter partes* reexamination, and more than seven times less likely to result in the cancellation of all claims than an *inter partes* reexamination:

38. See United States Patent and Trademark Office Report to Congress on *Inter Partes* Reexamination, at 5 (2004), available at <http://www.uspto.gov/web/offices/dcom/olia/reports/reexamreport.pdf> (last visited 11/19/06).

39. *Id.*

USPTO's Reported Reexamination Results Through FY 2006⁴⁰

| | <i>Ex Parte</i> (5537 Certificates) | | | | <i>Inter Partes</i> (7 Certificates) |
|----------------------|--|--------------------------|-----------------------|------------|---|
| | Owner- Requested | Third-Party Requested | Commiss. Initiated | Overall | Overall |
| All claims confirmed | 23 percent | 29 percent | 13 percent | 26 percent | 14 percent |
| All claims cancelled | 7 percent | 12 percent | 20 percent | 10 percent | 86 percent |
| Claims changed | 70 percent | 59 percent | 67 percent | 64 percent | 0 percent |

USPTO Ex Parte Reexamination Data

At minimum, this suggests the possibility that something about the *inter partes* mechanism may either cause or correlate with a higher success rate for third-party requesters. Whether this may be the result of more thorough examiner consideration of *inter partes* requesters' arguments as a result of their ongoing participation, or a self-selection process limiting *inter partes* filings to those requesters sufficiently confident in their arguments to risk estoppel, or some other factor entirely, remains to be seen. These early results should nonetheless be part of a third party's thoughtful assessment of options for challenging a patent's validity.

E. *Other Avenues for Patent Challenges*

As requests from public advocacy groups and the USPTO's Director illustrate, reexamination proceedings are not limited to those with a direct stake in patent infringement disputes. These additional sources of patent reexamination requests may also be subject to influence by those who *do* have a more direct pecuniary interest in the future viability of a patent.

1. *Public Advocacy Groups.* Various advocacy groups file reexamination requests—both *ex parte* and *inter partes*—as a form of public policy. The Public Patent Foundation, for example, states that it pursues reexaminations to “protect[] the public domain from being recaptured in new patents,”⁴¹ and has filed requests on patents involving stem cell re-

40. Data compiled from USPTO *Ex Parte* Reexamination Filing Data (Sept. 30, 2006); USPTO *Inter Partes* Reexamination Filing Data (September 30, 2006).

41. *The Patent Act of 2005: Hearing Before the Subcomm. On Courts, The Internet, and Intellectual Property*, 109th Cong. (June 9, 2005) (Statement of Executive Director of Public Patent Foundation).

search,⁴² the JPEG standard,⁴³ DNA co-transformation,⁴⁴ genetically modified crops,⁴⁵ the File Allocation Table (FAT) file system,⁴⁶ and atorvastatin (a cholesterol-lowering drug).⁴⁷

Similarly, in 2004 the Electronic Frontier Foundation identified its “Ten Most Wanted” patents for “crimes against the public domain,” and has initiated two reexaminations—an *inter partes* reexamination of U.S. Pat. No. 6,614,729, concerning digital recording of live performances, and an *ex parte* reexamination of U.S. Pat. No. 6,513,042 concerning Internet test-taking.⁴⁸ The EFF also actively solicits contributions of prior art for its efforts.⁴⁹

For a third party wishing to attack a patent that is also the subject of concern for an advocacy group, assisting or contributing prior art to that group may provide another opportunity to press a patent challenge, and to do so indirectly.

2. *Director-initiated Reexamination.* As noted above, the Director of the USPTO can also initiate an *ex parte* reexamination on his own initiative, although the “number of such Director-initiated orders is expected to be very small.”⁵⁰ To date, this expectation has been met: of the 8,252 *ex parte* requests for reexamination through FY 2006, only 165 (about two percent) were initiated by the Director.⁵¹ There have, however, been a number of *high-profile* reexaminations initiated by the Director.⁵² This may come as little surprise, given that the Director’s articulated bases for exercising this power include an “outcry” that is “expressed by a substantial segment of the industry,” as well as substantial media publicity adverse to patentability (in addition to obvious procedural irregularities).⁵³

42. See, e.g., Request for *inter partes* reexamination of U.S. Pat. No. 7,029,913, and requests for *ex parte* reexamination of U.S. Pat. Nos. 5,843,780 and 6,200,806 (filed with the Foundation for Taxpayer and Consumer Rights).

43. See, e.g., Request for *ex parte* reexamination of U.S. Pat. No. 4,698,672.

44. See, e.g., Request for *ex parte* reexamination of U.S. Pat. No. 6,455,275.

45. See, e.g., Requests for *ex parte* reexamination of U.S. Pat. Nos. 5,164,316; 5,196,525; 5,322,938; and 5,352,605.

46. See, e.g., Request for *ex parte* reexamination of U.S. Pat. No. 5,579,517.

47. See, e.g., Request for *ex parte* reexamination of U.S. Pat. No. 5,969,156.

48. See, e.g., Electronic Frontier Foundation, at <http://www.eff.org/patent/wanted/> (last visited Nov. 19, 2006).

49. See, e.g., Electronic Frontier Foundation, at <http://www.eff.org/patent/index.php> (last visited Nov. 19, 2006) (“We need your help! Take a look at the Top Ten Most Wanted culprits on our list, and let us know if you have any leads on technology that predates them (called ‘prior art’) that we can use to challenge their validity. Click on a patent to find out more.”).

50. See MPEP § 2239.

51. See USPTO *Ex Parte* Reexamination Filing Data (Sept. 30, 2006).

52. See, e.g., Director-initiated reexaminations of U.S. Pat. Nos. 5,436,960, 5,625,670, 5,631,946, 5,819,172, 6,067,451, and 6,317,592 (NTP); U.S. Pat. No. 5,838,906 (EOLAS).

53. See Director-initiated reexamination of U.S. Pat. No. 5,838,906 (EOLAS) (Oct. 30, 2003), at 2:

Current Office guidelines provide that the policy of the Director is to order reexamination on his own initiative when it is apparent, after a review of the

Thus, while regulations provide that the Director will not “[n]ormally” consider outside requests that he initiate his own reexamination of a patent,⁵⁴ these triggering standards suggest there may be avenues outside the USPTO for encouraging the Director to do so. As noted above, the outcomes in Director-initiated reexaminations show some significant differences from those initiated by a third party or the patent owner, including far fewer reexaminations with all claims confirmed, and far more reexaminations with all claims cancelled. Those adverse to a patent thus have significant reason to consider these potential avenues for making a Director-initiated reexamination more likely.

IV. CONCLUSION

While Congress and its various constituencies continue to debate the future form and viability of patent reexaminations, along with alternative mechanisms for post-grant review of patent validity, a significant number of *ex parte* reexaminations and a growing number of *inter partes* reexaminations are requested each year. A substantial portion of these requests arises in the context of ongoing litigation, and reexaminations in recent high profile patent disputes have themselves achieved a degree of notoriety. As these proceedings have moved forward, the USPTO has been refining underlying policies and procedures that may affect their progress and their relative appeal to patent challengers and patent owners.

Reexamination continues to offer patent owners an opportunity to undermine validity challenges before they reach the courtroom, and to amend existing patent claims in the hopes of avoiding obstacles presented by new prior art arguments. Third parties wishing to attack the validity of an issued patent may also find that, in appropriate circumstances, reexamination offers an attractive alternative to active litigation of validity issues. The choice of *ex parte* or (where available) *inter partes* proceedings—in combination with tactics that may bridge some of the

prosecution history, that there is a “com[p]elling reason” to order reexamination, and at least one claim in a patent is *prima facie* unpatentable over prior patents and/or printed publications. Circumstances that can meet the “compelling reason” requirement include: (1) an examining practice, policy or procedure was not followed before the grant of a patent which resulted in a failure to consider patents and/or printed publications which *prima facie* make any claim(s) unpatentable, and/or (2) a significant concern about the patentability of the claimed subject matter has been expressed by a substantial segment of the industry, and/or there is substantial media publicity (*e.g.*, the Internet or the news services) adverse to the patent alleging conspicuous unpatentability of the claims. In the case of the ‘906 patent, a substantial outcry from a widespread segment of the affected industry has essentially raised a question of patentability with respect to the ‘906 patent claims. This creates an extraordinary situation for which a Director ordered reexamination is an appropriate remedy.

54. See 37 C.F.R. § 1520 (“Normally requests from outside the Office that the Director undertake reexamination on his own initiative will not be considered.”); MPEP § 2239.

differences between the two forms of reexamination—may permit a requester to strike a thoughtful balance between competing procedural and substantive concerns.