Challenges for District Courts Involving Concurrent Litigation and Reexamination

A Joint Conference between the USPTO and the Berkeley Center for Law & Technology

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Central Reexamination Unit

- Seventy-six dedicated examiners
- Forty-four examiners in Electrical
- Fifteen examiners in Chemical
- Seventeen examiners in Mechanical
Reexamination Issues Affecting Litigation

- Motions to stay litigation during reexamination
- Binding effect of reexamination on litigation
- Admissibility of evidence from reexamination into litigation
- Impact of reexamination on claim construction
- Preliminary Injunction
- Willfulness
- Protective Orders
- Settlement
Motions to Stay Litigation During Reexamination
“Once an order for inter partes reexamination of patent has been issued under section 313, the patent owner may obtain a stay of any pending litigation which involves an issue of patentability of any claims of the patent which are the subject of the inter partes reexamination order, unless the court before which such litigation is pending determines that a stay would not serve the interests of justice.”
Stay Factors Used by Courts

- Whether a stay would unduly prejudice the nonmoving party or present a clear tactical advantage to the moving party
- Whether a stay will simplify issues
- Whether discovery is complete or trial is set
Prejudice Considerations

- Timing of the request for reexamination
- Timing of the request for stay
- Status of reexamination proceedings
- Status of litigation (e.g., discovery)
- The relationship of the parties
- The need for injunctive relief
Other Issues to Consider

- Are there other invalidity or unenforceability issues at dispute that can be addressed by the district court but not the USPTO?
  - 101/112 issues, inventorship, on-sale, prior use, abandonment, inequitable conduct, etc.

- Are there other litigation proceedings involving the same patent? (other district courts, ITC)

- Transfer/consolidation/separate trials

- Ex parte v. inter partes
Arguments in Favor of Stay

• USPTO has technical expertise

• Discovery problems relating to prior art can be addressed in reexamination

• Reexamination can narrow issues (cancel claims / narrow claims)

• Outcome of reexamination may encourage settlement
Arguments in Favor of Stay

- Issues, defenses, and evidence may be more easily limited after reexamination
- Costs will be reduced for parties
- Judicial economy
Arguments Against a Stay

• Justice delayed is justice denied

• Evidence may be lost, memories fade, difficulty in locating witnesses

• Parties need legal certainty and finality

• Where the litigation addresses different issues than the reexamination, a concluded litigation would leave issues that must be resolved through further court proceedings

• Reexamination should not be used merely to gain a tactical advantage during litigation, or to circumvent an ongoing court proceeding

• Denial of a stay may force parties to settle
USPTO has statutory authority to stay *inter partes* reexamination “for good cause”:

- 35 U.S.C. §314: Unless otherwise provided by the Director for good cause, all inter partes reexamination proceedings...shall be conducted with special dispatch...

No specific statutory authority exists to indefinitely stay *ex parte* reexamination pending a court decision:

- 35 U.S.C. §305: All reexamination proceedings under this section [ex parte]...will be conducted with special dispatch...

See *Ethicon v. Quigg*, 849 F.2d 1422, 7 USPQ2d 1152 (Fed. Cir. 1988).
Duty to Notify USPTO of Litigation

- The patent owner is reminded of the continuing responsibility under 37 C.F.R. [], to apprise the Office of any litigation activity, or other prior or concurrent proceeding, involving the patent, throughout the course of this reexamination proceeding. The third party requestor is also reminded of the ability of any person to similarly apprise the Office of any such activity or proceeding throughout the course of this reexamination proceeding.

- 37 C.F.R. 1.565(a) – *ex parte* reexamination
- 37 C.F.R. 1.985 – *inter partes* reexamination
In order to ensure that the Office is aware of prior or concurrent litigation, the examiner is responsible for conducting a reasonable investigation for evidence as to whether the patent for which reexamination is requested has been, or is, involved in litigation. MPEP 2686.04

The investigation will include a review of the reexamination file, the patent file, and the results of the litigation computer search by the Scientific and Technical Information Center (STIC). MPEP 2640
Binding Effect of Reexamination on Litigation
“A third-party requester whose request for 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.”

35 U.S.C. §315(c)
Admissibility of Evidence from Reexamination into Litigation
What evidence from reexamination should be admitted and given to a jury?

- An order granting reexamination?
- Nonfinal finding of patentability or invalidity?
- Can an order granting reexamination be used to rebut a claim for willfulness?
- Does new material disclosed during reexamination give rise to inequitable conduct?
Impact of Reexamination in Claim Construction
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• Reexamination creates prosecution history for estoppel purposes

• Patentees may add new narrower claims or strengthen validity of the patent
Preliminary Injunctions
Preliminary Injunction

• Does the denial of a grant of a reexamination provide a “likelihood of success on the merits” for a preliminary injunction?

• Does the grant of a reexamination reduce the patent owner’s “likelihood of success on the merits”? 
Willfulness
Willfulness

- Does denial of a grant of a reexamination have any bearing on the objective prong of the willfulness inquiry?

- Does the grant of a reexamination establish that the requester’s arguments are not objectively baseless?

- Does a rejection of a claim during reexamination establish that the requester’s arguments are not objectively baseless?
Protective Orders
Protective Orders

- Tiered protective orders
  - “for attorneys’ eyes only”
  - “for outside counsel’s eyes only”
- Separating prosecution/reexamination counsel from litigation counsel
- Separate law firms
Settlement
Settlement of litigation will not automatically terminate a pending reexamination.
Thank You

http://www.uspto.gov