

WINNING AT PATENTS WITHOUT FULL-BLOWN LITIGATION

Robert M. Asher, Esq.

**Bromberg & Sunstein LLP
125 Summer Street
Boston, MA 02110-1618
(617) 443 9292**

WINNING AT PATENTS WITHOUT FULL-BLOWN LITIGATION

Table of Contents

I.	SCOPE NOTE	1
II.	UNDERSTANDING PATENTS	1
	A. Purpose of Patents	1
	B. Interpreting Patents	2
	C. The Tough Task of Drafting and Prosecuting Patent Applications	4
III.	BUILDING A WINNING PATENT PORTFOLIO	5
	A. Working with Patent Counsel	5
	B. Full Prior Art Disclosure Produces Stronger Patents	7
	C. Using Reissue and Reexamination to Strengthen a Patent	9
IV.	MINIMIZING RISKS PRESENTED BY PATENTS OF OTHERS	10
	A. Build a Strong Offensive Portfolio	10
	B. Identifying Problem Patents	10
	C. Designing Around to Minimize Risk of Litigation	11
	D. Conduct Searches to Invalidate Patents	11
	E. Opinions of Counsel	12
	F. Attacking Patents Without Litigation	13
	1. Ex parte Reexamination	14
	a. The procedure	14
	b. Strategic considerations	15
	2. Inter partes Reexamination	17
	a. The procedure	17
	b. Strategic considerations	18
V.	CONCLUSION	20

WINNING AT PATENTS WITHOUT FULL-BLOWN LITIGATION¹

Robert M. Asher, Esq.

Bromberg & Sunstein LLP

I. SCOPE NOTE

Patents are often referred to as licenses to sue. It is thus no surprise that patents and litigation go hand-in-hand. Nevertheless, there are a wide variety of tactics that can be used to help avoid or minimize the risks of litigation. Primarily, one's success with patents depends on the combined intelligence and creativity of patent counsel and the client. Offensively, the stronger and more unambiguous one's patents, the less likely protracted litigation will be required to enforce them. Defensive patent tactics, such as reexaminations also help avoid or minimize the risk of full-blown litigation brought by others.

This article provides the non-patent practitioner with a rudimentary understanding of patents and associated non-litigation tactics. With understanding comes improved communication, an essential factor in maximizing the value generated by the relationship with patent counsel. It is hoped that more effective strategizing sessions will result.

II. UNDERSTANDING PATENTS

A. Purpose of Patents

Patents were established pursuant to the Constitution's grant of power to the Congress "To promote the progress of science and useful arts."² Patents are perhaps too often viewed as a limited monopoly awarded to commemorate an invention. While an inventor may reap psychological rewards from seeing his or her name on a patent, such value is rarely sufficient to justify the costs involved in obtaining patents. It is a mistake to think the prospect of obtaining a patent motivates inventors. Financial reward is more often the goal. Such rewards come from the marketplace. Patents do not sell an invention. Patents merely provide a legal tool for

1 - Copyright 2004 Robert M. Asher. This is a revision of the author's article published by MCLE in Intellectual Property Law Conference 2003.

2 - U.S. Constitution, Article I, Section 8

prohibiting others from making certain products or practicing certain methods. So how are science and useful arts promoted? First, a patent forces others to design around the legal parameters of the patent thereby bringing new products or methods to the market. Second, a patent can turn an inventor's idea into a capital asset that has value to investors. In this manner, new businesses can be initiated and funded. Third, for those patent holders with the financial resources to enforce their patents, patents may be used to allow monopolistic pricing of inventions to gain a financial return for the innovation.

B. Interpreting Patents

The success of an invention in the marketplace, its place in history and the impact of an invention on society are measured separate and apart from the patent or patents secured to protect the invention. Patents are written documents designed to protect a commercial market. Patents provide a word description for an invention. The words are all important. They confer a limited monopoly only over those products or methods coming within the words of the patent claims.

The numbered claims at the end of the patent document define those products and processes that can be stopped by a patent. Each claim is a word description of the elements that make up the invention. For example, several years ago I obtained a patent³ for a client directed to a coupon system mounted on a shopping cart that offers coupons tailored to the particular shopper. One of the patent claims read:

A shopping cart merchandising system comprising:
a shopping cart;
a programmable display mounted on said shopping cart;
means for controlling said display;
a product code scanner; and
means, in communication with said controlling means and said scanner, for providing a merchandise promotion in response to a product code scanned by said product scanner, said merchandise promotion including a discount offer displayed on said display by said controlling means, wherein the discount offer is for a

3 - U.S. Patent No. 5,250,789 – This was written back when “means for” elements were generally perceived as broadly encompassing any structure that performed the claimed function.

product complementary to the product corresponding to the product code scanned.

The words "means for" in a patent claim are defined by law.⁴ The phrase is a shortcut for referring to the structures described in the patent provided for performing the function following the words "means for" and any equivalents of those structures. Translated into plain English, the claimed invention is a shopping cart with a programmable display. The programmable display displays discount offers for products that are complementary to a product scanned by a scanner. A shopper scans products as they are picked off the shelf. If tuna fish is scanned, the display might provide a discount offer for mayonnaise, for a can opener or for more tuna fish.

In order for a patent to have impact over a broad and valuable niche in the market, the words of the claim should only include essential elements. Note that the patent claim above does not describe the shopping cart, its frame or its wheels in any detail. The claim is written to cover any shopping cart with the listed equipment. An immense amount of creativity and imagination goes into naming and identifying the elements of a claim. The choices depend on an understanding of the invention, the market, the technology, potential modifications and the prior art. Prior art is patent law terminology for devices or processes that predate the invention or the application filing date as defined by statute.⁵ The inventor's cooperation with the attorney is bound to enhance the writing of the claims. While claims may be amended after filing of the patent application, such amendments may not add elements or ideas missing from the application as filed. Moreover, such amendments are often interpreted to strictly limit the enforceable scope of the patent.⁶ It is best to have as complete an understanding of the invention upon filing as possible so that the application describes all elements that should be included in the claims. This comprehensive understanding is particularly important with emerging technologies where the invention has yet to be made and there are no detailed drawings. If to distinguish over prior art

4 -35 U.S.C. §112, paragraph 6 reads "An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof."

5 - 35 U.S.C. § 102,103.

6 - *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722 (2002).

one of those details is needed in the claims, the opportunity for a patent may be lost if the detail was not included in the original application.

C. The Tough Task of Drafting and Prosecuting Patent Applications

It is a difficult task to look at a new product and identify what makes this product an invention. Generally, products are a combination of old elements. The claim must include sufficient elements to identify a product that is not obvious from products already known, publicly available or appearing in publications. However, if there are any extraneous elements in a patent claim, those extra elements may provide competitors with a way of designing around the patent. They will simply make the product without the extra element.

The patent attorney must be clever. The inventor brings knowledge and an invention. The patent attorney applies knowledge of patent case law to prepare claims that will stave off the competition and stand up in court. Patent claim drafting and prosecution are like solving a puzzle. Writing a valuable patent claim is like being asked to identify a pattern from among several pictures or number strings in an IQ test. Claim drafting must be accomplished within the context of the words available from the English language and how words of a claim are interpreted by the courts. Just as in the IQ pattern test, the patent attorney must identify essential elements in an invention that will be common to as broad a range of competing devices or processes as possible. Also, the choice of elements for inclusion in a patent claim must distinguish the invention from prior art. An aggressive attorney's objective should be to obtain a patent that spins a web that spreads as far as possible, yet not so far as to encompass the prior art.

To make the claims accurate in definition and scope requires imagination, intelligence and cooperation. It is not a matter of mere experience. Each invention is different and offers new opportunities for creative thought. As in any brainstorming activity, an atmosphere of open exchange of ideas should be established between the patent attorney and the inventor. Each must have the opportunity to give full expression of ideas without fear of being criticized or embarrassed. With all ideas on the table, the patent attorney will be in the best position to make a variety of claims with comprehensive coverage of many different combinations of ideas arising from the product to be protected.

The attorney must be creative. A product may often be claimed in different ways. Additional claims may seek to cover the method of using the product or the method of making the product. Method claims have been given extraterritorial coverage.⁷ There are instances where the product is old but the process for making it is new. Although the product itself is not patented, making the product by the patented process in the United States, and often even outside the United States, may be prevented by the process patent claims. A product may also be claimed in combination with other products to form a system. Although the product by itself might be considered obvious and nonpatentable, the combination forming a new system might be nonobvious and patentable. The inventor must fully communicate to the attorney to give the best opportunity to come up with these different types of claims.

III, BUILDING A WINNING PATENT PORTFOLIO

A. Working with Patent Counsel

Companies need to work with patent counsel to identify potential patents early upon conceiving new products, methods or services. It can be critical to the strength of a patent that inventions are disclosed early and completely. The attorney should help in setting up internal company procedures to encourage early disclosure. The attorney will also help extract all the necessary information from the inventors. Inventors may be found throughout a company from the marketing group that identifies new customer needs to the engineers, programmers and scientists who make new ideas into a reality. However, inventors who do not consider patents a part of their responsibility can often be inadequately helpful to the patent attorney – this may harm the patenting program generally or the individual patent in particular.

Any delay in filing a patent application has the potential to add to the prior art that must be overcome. Therefore, even without the proposed "first to file" patent system, speed in filing is important. Even the United States' first to invent system provides procedural advantages to the first inventor to file an application. In a contest to determine the first inventor, known as an

⁷ - 35 U.S.C. 271(g) provides "Whoever without authority imports into the United States or offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, offer to sell, sale, or use of the product occurs during the term of such process patent."

interference, the first to file gains the procedurally advantageous role of the senior party. Granted there will be some inventions that are not recognized as sufficiently important until after development has been completed or marketing has started. Nevertheless, all inventions should at least be considered for patent as early as possible.

The invention must be fully described in the patent. An increasingly common attack on the validity of a patent involves arguing that the patentee failed to reveal the best mode for practicing the invention.⁸ A patent can be viewed as a contract with the federal government. In exchange for the inventor's disclosure of a new and nonobvious invention, a monopoly is granted for a defined period. To receive this monopoly, the law requires that a patent must be sufficient to teach one of ordinary skill in the art to make or use the invention and that it must reveal the best mode. Thus, if the inventor leaves out a technical detail that is necessary to optimally practice the invention, the bargain is not being honored. This is another reason the inventor's cooperation in the preparation of a patent is essential.

The policies promulgated by a company and the actions of management will have a direct impact on the cooperation offered by inventors to the patent attorney. A company needs to impress upon its employees the importance of patents to the company's well being. Because inventors are people too, individual incentives are often helpful in demonstrating that patents are important. An incentive may be as minimal as publishing the names of the inventors in a company newsletter. A listing of inventors who have submitted disclosures could help encourage early disclosure. For some companies, financial incentives make sense. An invention disclosure form is helpful. The form should require a listing of various dates including first drawing, first working embodiment, first publication, and first disclosure outside the company. It may be helpful for the form to make the inventors aware that the sooner they make their disclosure and the sooner a patent application is filed, the better.

8 - 35 U.S.C. §112, par.1 provides, "The specification shall...set forth the best mode contemplated by the inventor of carrying out his invention."

B. Full Prior Art Disclosure Produces Stronger Patents

Making a full disclosure of prior art to the United States Patent and Trademark Office (USPTO) is an essential part of any program designed to secure valuable patent rights. There are many stories of patents used to bring a patent infringement action against an infringing competitor. Hundreds of thousands of dollars are spent in legal and technical expert fees to prove the infringement to the satisfaction of the court. How embarrassing, if such a show of force only results in a declaration that the patent is invalid. Such a result cannot be completely prevented even with the most diligent efforts. However, this unfortunate experience can be reduced to a rarity by getting all prior art in front of the USPTO before a patent is granted. It is unusual for a court decision to disagree with the USPTO on the patentability of patent claims over the same prior art that the USPTO has already reviewed.

There are additional advantages to gathering a full complement of prior art documents for the USPTO. Some prior art may limit the available scope of patent coverage. By inserting appropriate limitations into the patent claims to gain allowance of the patent, the patent attorney better defines the valid scope of the patent to the benefit of both the patentee and the public. The patentee is in a better position to know when to avoid suing competitors whose products lack the limitation in the claims required to gain allowance of the patent. Lawsuits aside, royalty expectations can be seriously deflated when the potential licensee produces relevant prior art that has not been considered by the USPTO. Chances of convincing a competitor to stop infringing are severely dampened when new relevant art is uncovered. While at times the patentee could go back to the USPTO in a reexamination to get the USPTO's blessing on the patent claims in view of the newly discovered prior art, such procedures can delay the sought-after relief. If the USPTO in reexamination forces the addition of a limitation to the patent claims, the alleged infringer may have thereby avoided damages for the intervening period prior to the patent amendment.⁹ The alleged infringer may be further given an opportunity to continue selling the product if the infringer innocently made a large investment in the new product and had rightfully believed the originally issued patent was invalid.

9 - 35 U.S.C. § 252, 307,316

In addition, USPTO rules and, indeed, the declaration signed by the inventors upon filing an application for patent both require that the inventors and all those involved in the prosecution of the patent application disclose all prior art that may be relevant to the examiner's consideration of the patentability of the patent claims. Intentional withholding of pertinent prior art may very well result in a court declaring the patent unenforceable for inequitable conduct before the USPTO.

A complete disclosure of prior art can be facilitated by doing a search and making the USPTO aware of all pertinent references uncovered during the prosecution of the application. Besides resulting in a more easily defensible patent, knowledge of the prior art can aid the patent attorney in writing claims that cover as broadly as possible those things about the invention that are new and nonobvious. Disclosing all pertinent references avoids a claim that the patent was obtained inequitably because pertinent art was suppressed. It is good practice to get the inventors involved in producing prior art. As practitioners in the applicable technical field, they are often aware of the closest prior art.

The filing of foreign patent applications provides another valuable method of locating relevant prior art. Unfortunately, the United States Patent and Trademark Office often does not do an adequate job when it comes to searching through the millions of European, Japanese and other foreign language patents and publications. An intelligent approach to foreign filing is to begin with a PCT (Patent Cooperation Treaty) application in the United States that requests a search through the European searching authority. The PCT is an international treaty that provides a prior art search, a publication of the application, a preliminary examination of the application and a prolonged delay of up to 30 months from the original U.S. filing date in which to file for foreign patent protection in the member countries of the treaty. The European search performed by the PCT significantly supplements the US search with references from Europe and other foreign regions. The European search is a good reason to file PCT.

A PCT filer can save some money in the short run by asking for the USPTO to conduct the search. This is short-sighted. If important prior art is not uncovered, applicant may incur large costs for foreign patent filings that are ultimately a waste. The European Patent Office might uncover a material foreign reference that limits the available patent protection after foreign

filing costs have already been spent. These large expenditures could have been avoided by having the European search conducted earlier during the PCT phase and prior to the foreign filing decision.

C. Using Reissue and Reexamination to Strengthen a Patent

When despite pre-filing efforts, new prior art is revealed after a patent has issued, the possibility of filing for reissue or reexamination in the USPTO may be considered. These procedures can act like a vaccine for the patent. They expose the patent to the effects of the prior art before taking the patent to court with a high risk of invalidation. Upon receiving favorable action from the USPTO, the patent is in a much stronger position for withstanding challenge in court. These procedures may thus be used to effectively pull the rug out from under the defense's prospective case. Sometimes, the best and most cost effective, patent litigation techniques take place in the USPTO rather than in court.

The reissue and reexamination procedures, when available, may also be used to improve upon patent claims to better cover the competitor's product. Under certain defined circumstances and time limits, a reissue procedure can permit a broadening of claims to cover a broader scope of invention than was originally contemplated by the original patent attorney.¹⁰ Errors leading to a reissue should be avoided, but human errors can rarely be completely eliminated. Besides, claim drafting is an art that leaves room for great variation. No two patent applications written for a single invention will be identical and thus there is always the possibility that the patent claims of an application can be improved. Newly discovered prior art may require a narrowing of the claims to maintain a patent's validity. Also, knowledge of an infringing product enables an attorney to write claims that accurately target the product. Limitations that would otherwise be avoided in the claims may be added when the targeted product is known to satisfy these limitations anyway. Narrowing of claims is available upon reexamination or reissue.

In addition to reissue or reexamination, a persistent applicant has the option of filing continuation applications and continuation-in-part applications that may linger in the USPTO after

¹⁰ - 35 U.S.C. §251 provides *inter alia* "No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied for within two years from the grant of the original patent."

an original patent has issued. Claims tailored to a competitor's product may be filed in one of these pending applications without the need for a reissue or reexamination.

IV. MINIMIZING RISKS PRESENTED BY PATENTS OF OTHERS

A. Build a Strong Offensive Portfolio

Now we consider how to maximize a company's position against the patents held by others. For starters, sometimes the best defense is a good offense. Techniques described above for developing a strong patent portfolio may be used as insurance against patent claims from competitors. A company's own patents may persuade others it is best not to get into a battle with the company. Alternatively, patents can be used for cross-licensing others. The patents may in that way keep the market open. This is a common approach in established industries.

For startup companies and those involved with easily copied inventions, intellectual property is more often used to exclude or license others and thus maintain control over the market for oneself.

B. Identifying Problem Patents

A company-wide policy against infringement of patents can help to reduce the occurrence of patent infringement problems. It may also be useful in establishing one's good faith in court when an infringement problem does happen to arise. Engineers and product developers should be aware that any relevant patent they learn about should be shown to management for review. Patent counsel should be involved in determining if an infringement problem exists. There are many approaches to dealing with such potential problem patents.

Early in the review of any potential patent problem one should check to find out that the patent is still alive. This cannot be determined from the face of the patent. The payment of maintenance fees are required to keep a patent alive. The first thing one should check, upon considering a problem patent, is whether it is still in force. It can be an awful waste to spend several thousand dollars studying a patent that has expired. While checking to see if maintenance fees have been paid, it is also useful to check to find out if the patent has been litigated and if a reissue application or reexamination is pending. Shepard's[®] publishes a book with this

information for patents, but a rigorous up-to-date check may require checking a computer database. A patent that has been finally adjudicated as invalid by a court cannot be asserted again.¹¹ This would quickly end a patent inquiry. Most often these quick checks find nothing but when they do, they save enormous expense.

C. Designing Around to Minimize Risk of Litigation

If the patent is live and relevant to one or more products, the next consideration is how the patent can be avoided. Technical staff should work with patent counsel to consider ways of altering the products so that the patent is not infringed. Open communication between the attorney and the client is the most effective measure to arriving at a solution.

The client must be taught the bounds of the patent claim. The attorney should be taught those elements of the product that cannot be changed. The attorney will study the patent and its prosecution history from the USPTO. The attorney can then review with the client features of the claimed invention that can be removed or changed to most safely avoid an infringement claim. The addition of new elements to a product will not generally serve to avoid infringement.

D. Conduct Searches to Invalidate Patents

Often, a patent may contain claims that are too broad to get around. The next inquiry is to decide if the claim can be invalidated. Properly instructed technical staff can be very helpful in locating prior art journals, texts and product catalogs that show products coming within the bounds of the claim. The patent attorney may supplement their search with computer database searches and searches through the USPTO files.

The best find in terms of prior art would be a publication that shows every element recited in the patent claim. If all of the elements of a claim are shown in a device or method appearing in a prior art publication it is said that the claim is anticipated. Note that the important comparison is to compare the prior art disclosure with the claims, not with the patented item itself. A claim must be directed to a new or novel invention. When the claimed invention is shown in the prior art, then it is not an invention and the claim should normally be held invalid by a court. Each

¹¹ - *Blonder-Tongue Labs, Inc. v. University of Ill. Found.*, 402 U.S. 313 (1970)

claim stands on its own. Laborious as it is, each claim in a patent must be considered when one wants to be clear of any problem.

A second best discovery of prior art that may be used to invalidate a patent involves finding a combination of references. It may be possible to combine two or more references to establish that the invention would have been obvious from the prior art. It is very difficult to make an obviousness determination with any degree of certainty. There is a tendency to allow one's determination to be guided by hindsight in view of the invention itself. Most inventions are combinations of old elements. Thus, to find all of the elements of a claim in a variety of references is common. Finding all the individual elements is not sufficient by itself to establish obviousness. There must be some suggestion in the references or somewhere in the prior art that the combination be made. A patent lawyer is expected to develop an ability to apply these standards. However, an adjudicated outcome may depend upon whether the decision maker will be a judge, a jury or a patent examiner. A judge or jury will have the opportunity to hear and be influenced by live witness testimony but they may tend to lean in favor of the presumption of validity. A patent examiner can be expected to take a more objective approach focused on the technical facts. To the benefit of the patent challenger, a patent does not have a presumption of validity when being reexamined by a patent examiner. In section F below, we analyze various strategies for challenging patents in the USPTO.

E. Opinions of Counsel

With the legal investigation complete, a business decision must be made about how to reduce the company's exposure to the patent. As discussed above, the product can be designed to decrease the patentee's chances of winning in court. Depending upon how close the patent claims come to the product and the costs involved, a few other options should be considered for reducing the risks of high stakes litigation. These include securing a written opinion from patent counsel regarding non-infringement or invalidity of the patent, paying for a license to the patent, buying the patent or filing for reexamination of the patent in the USPTO. It is wise to secure a written opinion of patent counsel. Patents tend to be abstruse and elusive in their legal meaning. The extra effort involved in writing out an opinion often uncovers a new wrinkle that was not seen earlier.

If an alleged infringer was unable to secure a competent written opinion or failed to seek such an opinion, a court may find that the conduct, if found infringing, was willful. In other words, the infringer just ignored the patent. A good written opinion will significantly reduce the chances of being held liable for willful infringement and its accompanying penalties.¹² A discussion with patent counsel is also helpful to gain a better understanding of the issues surrounding the patent, arguments that patentee may make and the relative strength of various arguments.

Patents are presumed valid and the burden of proving invalidity is high. Even if the invalidity defense is strong, the patentee may sue. Thus, even with a patent expected to be invalidated, avoiding litigation may require designing around or taking a relatively low cost license. On the other hand, companies may need to stand strong and litigate to discourage patent holders from bringing questionable patent lawsuits in hopes of settlement money.

F. Attacking Patents Without Litigation

Simply owning a patent gives the patentee a right to sue. Removing the patent threat through reexamination should be considered. If the patent is knocked out or narrowed in reexamination so that the product no longer infringes, then the desired result has been achieved. If the investigation of a patent has resulted in uncovering significant published art, a reexamination might be helpful in eliminating or reducing likelihood of lawsuit. Done properly, a reexamination can clear the way for your product.

There are two types of reexamination processes now available in the USPTO. These include ex parte reexamination and inter partes reexamination. The 2002 Justice Department Authorization Act overruled *In re Portola Packaging*, 110 F.3d 786 (Fed. Cir. 1997). As a result, the law now permits reexaminations on the basis of prior art that was previously before the USPTO. The law now reads, “The 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.” 35 U.S.C. §303(a). Reexamination will soon become the primary

¹² - 35 U.S.C. §284 provides “the court may increase the damages up to three times the amount found or assessed.”

forum for challenging patents on the basis of art previously before the USPTO. Indeed, this is one of the situations where reexamination, ex parte and inter partes, will be preferred over litigation because courts are loathe to hold a patent invalid over art that was already considered by the patent examiner.

1. Ex parte Reexamination

a. The procedure

Anyone may request ex parte reexamination, even the patent owner.¹³ The requester fully and carefully lays out the reasons in a request as to why the claims should be rejected. The request can challenge patentability of claims only on the basis of prior art patents or publications.¹⁴ Within three months, the USPTO should make a determination as to whether a substantial new question of patentability has been established.¹⁵ The new question is typically established by a newly discovered and material prior art reference that the USPTO had not considered in granting the patent. As a result of amendments to the law in November 2002, a new issue may be identified with respect to a reference that the USPTO had available for review when it appears the identified issue had not been previously considered.¹⁶ If the USPTO determines that a reexamination should go forward, the patent owner has an opportunity to submit a statement before an office action is issued.¹⁷ It is rarely a good idea for the patent owner to make such a statement because it allows the requester to file responsive comments and analysis. Other than the possibility of making this response, a requester has no further right to participate in the ex parte reexamination.

An office action is issued by the USPTO to the patent owner. The reexamination proceeds like a patent application but on a more expedited basis, with more supervisory participation within the USPTO and with stricter rules.¹⁸ The patent owner interacts with the

13 - 35 U.S.C. § 302

14 - 35 U.S.C. § 301

15 - 35 U.S.C. § 303

16 - Id.

17 - 35 U.S.C. § 304

18 - 35 U.S.C. § 305

examiner to make the case for patentability. Live interviews between the patent owner and the patent examiner are permitted as in a typical patent prosecution. This gives the patent owner ample opportunity to learn the examiner's thought processes and usually to gain allowance of the original or amended claims. Of course, an amendment to the claims may be just the result needed by a third party requester to avoid an infringement lawsuit. Cancellation of the unpatentable claims is also possible when justified by the prior art. This would eliminate infringement risk entirely. The patent owner has the right to appeal rejections to the Board of Patent Appeals and Interferences¹⁹ and then to the Federal Circuit Court of Appeals or to a civil action in the district court. The requester has no further right to participate with the exception of the possibility of filing a second request for reexamination before a reexamination certificate issues in the first reexamination.²⁰

b. Strategic considerations

In the early days, reexaminations were handled for efficiency sake by the same examiner who handled the original prosecution of the patent. A perception developed that this procedure was unfair because an examiner would be asked to contest patents that the examiner had previously allowed. Whether the fears of bias were justified or not, the USPTO changed its internal procedures so that a different examiner would be assigned to the reexamination.

There remains a concern that *ex parte* reexamination is stacked in favor of the patentee. Indeed, patentees have made use of reexamination to strengthen their patent by obtaining a second approval from the USPTO over a more complete record of prior art. Procedurally, the patentee does have an edge. Patentee can respond in writing, in personal interview and can appeal from any improper rejections. On the other hand, if the USPTO makes an error and allows patent claims that should have been rejected, the third party requester has no response or appeal. Certainly, *ex parte* reexamination procedures are better suited to the patent owner.

19 - 35 U.S.C. §306

20 - See, e.g., *In re Bass*, 314 F. 575 (Fed.Cir.2002)

Despite procedural advantages incurring to the patent owner, a third party will find a number of strong reasons for proceeding with an ex parte reexamination. The reexamination can be filed anonymously. Thus, the patent owner does not learn the identity of the party concerned about the patent. As such, ex parte reexaminations can be used effectively early in the development of a new product. Without knowing the product or the party, the patent owner is left without guidance as to how to amend the claims to best cover the opponent's product. The requester reasonably expects that the patent owner will lose the claims of concern or will amend the claims in a way that permits the manufacture and sale of a competing product that lacks the newly added claim element.

Reexamination is often selected because of its very low cost relative to litigation, the lack of a presumption of validity, the broadened claim interpretation applied by the USPTO and the ability to seek a stay of litigation. A litigant's non-infringement defense can benefit immensely from patent owner's amendments or arguments which will limit the applicable scope of the patent claims. If the reexamination requester clearly points out new and material aspects of prior art, the USPTO will typically issue a rejection. Such rejections are far more likely than invalidity holdings from a court. Unlike the court, the USPTO gives claims their broadest reasonable interpretation and does not apply a presumption of validity. The rejection will most likely benefit the requester by forcing cancellation or amendment of claims or arguments that narrow the scope of the patent coverage.

An obscure tactic can be used to overcome the ex parte nature of the proceeding. A requester can file a second request for reexamination before a Certificate of Reexamination issues. The second Request can present arguments contesting the patentability of claims that the examiner has shown an inclination to allow. The two reexaminations should get merged and thus the statements in the request will be considered. While the lack of an appeal remains a handicap to third party requesters, the second request has worked for at least one requester to get the USPTO to change course and cancel previously allowed claims.²¹

21 - Id.

2. Inter partes Reexamination

a. The procedure

Inter partes reexamination is a new procedure that is only available for use against patents that have issued from applications filed after November 29, 1999.²² Any third party may initiate the inter partes reexamination. The USPTO will act on a request for inter partes reexamination with a determination within three months.²³ As in ex parte reexamination, only prior art patents and publications may be raised. If a substantial new question of patentability is presented and a reexamination is ordered, an office action is issued at the same time.²⁴ The patent owner has at least thirty days,²⁵ but the USPTO typically gives two months to respond to the office action.

An inter partes reexamination is conducted entirely in writing. Interviews are not allowed.²⁶ The requester can comment on the patent owner's responses, but must do so within 30 days.²⁷ The case can be allowed with a Right of Appeal Notice (RAN)²⁸ or finally rejected with an Action Closing Prosecution (ACP).²⁹ Patent owner may respond in a fashion similar to "after final" responses in regular patent prosecutions within the set time.³⁰ Requester again gets 30 days to comment on the patent owner's response. The examiner has the option of confirming the rejection, reopening prosecution for another office action or issuing a RAN.³¹ The patent owner can appeal from final rejections and the requester can appeal from allowance of challenged claims.³² Both parties have the right to appeal to the Board of Patent Appeals and Interferences and then to the Federal Circuit Court of Appeals. Third-party requester is estopped from

22 - American Inventor's Protection Act of 1999, P.L. 106-113

23 - 35 U.S.C. § 312

24 - 37 C.F.R. 1.935

25 - 37 C.F.R. 1.945

26 - 37 C.F.R. 1.955

27 - 35 U.S.C. § 314 (b) (2); 37 C.F.R. 1.947

28 - 37 C.F.R. 1.953

29 - 37 C.F.R. 1.949

30 - 37 C.F.R. 1.951

31 - 37 C.F.R. 1.953

32 - 35 U.S.C. §315

asserting invalidity in a separate court action on any ground that could have been raised during the inter partes reexamination.³³

b. Strategic considerations

Inter partes reexamination will generally be preferable to ex parte reexamination. A minor exception is when anonymity is essential. Inter partes reexamination is further limited by its applicability to only those patents issued from applications filed after November 29, 1999.

The prosecution in inter partes reexamination will be more difficult for the patent owner because of the inability to speak with the examiner about substantive matters. During typical patent application prosecutions and ex parte reexaminations, examiners will speak with patent applicants in interviews to explain the rejections and identify amendments that could overcome the rejections. Inter partes reexaminations shut down this openness between the patentee and the patent examiner by prohibiting interviews. The patentee is thus left on his own to devise an amendment that will satisfy the examiner. If the patentee gets the amendment wrong, it may be difficult to get a second chance because there are no continuation applications. The ACP closes prosecution cutting off the patentees' options. Patentee can submit a written response with an amendment to the ACP, but the examiner has the discretion to refuse to enter the amendment. Depending upon how closely the USPTO adheres to its rules, patent owners may have great difficulty seeking allowance of the broadest possible claims.

Another major factor in leaning toward inter partes reexamination is the right of the requester to appeal. Indeed, the appeal may go all the way up to the Federal Circuit Court of Appeals, the same court that would ultimately decide validity in appeals from district court infringement cases. While requester is estopped from challenging validity on the same prior art in court, review of patentability under the more favorable circumstance of a reasonably broad claim construction is achieved by the appeal to the Federal Circuit. There is no reason to expect better treatment in court and than in the Federal Circuit upon appeal from the court decision. The

33 - Id.

advantages of no examiner interviews and appeals to the Federal Circuit counterbalance the disadvantages of estoppel.

The beauty of reexamination is that arguments are adjudicated at a very low cost relative to litigation. Participation in the reexamination can be expected to be challenging. The opportunity to present arguments is limited to written arguments prepared under strict time limits. The inter partes reexamination provides 30 day periods to prepare and file comments. Thorough preparation is essential to effectively meet the time deadlines. The success of a reexamination may depend on comprehensive analysis and presentation of clear and complete written arguments.

Given that appeal of an inter partes reexamination and a litigation go to the same court, the Federal Circuit Court of Appeals, several factors make inter partes reexamination attractive. The USPTO in reexamination, considers patentability rather than validity. Thus, the USPTO gives claims their broadest reasonable interpretation.³⁴ and takes a fresh look at whether the claims should be allowed. The court, on the other hand, looks at a patent with deference to the USPTO's decision to grant the patent. A court views claims with a presumption of validity and consequently leans toward interpreting ambiguities in the claims narrowly when necessary to preserve their validity.³⁵ The broader claim interpretation and lack of deference make claims more vulnerable to reexamination than to invalidation in court. The patent owner can maneuver through a reexamination by amending claims. Fortunately for requester, amendments are only permitted to narrow the scope of the claims. A requester may prefer that the claims be cancelled in reexamination, but amendments can also be helpful. Amended claims that are not substantially identical to original claims provide the requester with intervening rights.³⁶ This may relieve requester from any past damages and, in some cases, may provide the freedom to continue using the plant and equipment to continue making product that would otherwise infringe.

Reexamination and litigation differ by the fact finder used in each. Reexaminations are conducted before technically trained patent examiners who will tend to be familiar with the

34 - *In re Hiniker Co.*, 150 F.3d 1362,1368 (Fed.Cir.1998)

35 - *Modine Mfg Co. U.S. Int'l Trade Comm.*, 75 F.3d 1545 (Fed.Cir.), cert denied 518 U.S. 1005 (1996)

36 - 35 U.S.C. § 252

technology and the relevant patent law. Litigations are typically brought before a lay jury that generally lacks the technical background and knowledge of patent law. A lawsuit may also involve many more issues than just validity over prior art references. Thus, litigations require substantial educating of the jury with witness testimony. The outcome of a case may be affected by the witnesses and the other issues in the case. The substantive comparison of the prior art to the patent claims may get lost before the jury.

Inter partes reexamination may be considered as one phase of an enormous patent litigation. The statute provides for staying litigation while an inter partes reexamination is pending.³⁷ Inter partes reexamination can eliminate a claim, narrow a claim and/or provide a delay in court proceedings. Even when patent owner simply makes arguments as to patentability of claims, prosecution history estoppel may result. Thus, even if reexamination does not substitute completely for litigation, the changes to the scope of the claims may significantly improve a party's non-infringement position. As the universe of patents subject to inter partes reexamination continues to grow, we can expect to see this procedure becoming increasingly prevalent in coming years.

V. CONCLUSION

While litigation is often necessary to defend one's activities or enforce intellectual property rights, achieving one's goals without litigation provides enormous cost savings. To minimize litigation costs when enforcing patents, care needs to be taken beforehand during prosecution of the patent applications. Full disclosure of material prior art and open communication between the client and the patent attorney are more likely to result in strong patents obeyed by others. To avoid being at the receiving end of a patent litigation, working with patent counsel to avoid infringement is paramount. This can be achieved by modifying one's product plans or by seeking to modify the scope of a patent of concern. Ex parte reexamination and now inter partes reexamination offer strategies that may avoid or minimize litigation expenses when used wisely.

37 - 35 U.S.C. § 318