

Applying the Lessons of Re-Examination to Strengthen Patent Post-Grant Opposition

by
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INTRODUCTION

Due to the exceedingly high cost of challenging patent validity in U.S. district courts, a lower cost administrative option has garnered considerable interest.¹ A recent evaluation found that 46% of litigated patents are held invalid.² However, because about 95% of patents issued in the U.S. are never challenged due to their limited commercial value, and since the resources of the United States Patent and Trademark Office (USPTO) are limited, the USPTO's initial patent validity examinations are not very detailed.³ It is more efficient for the USPTO to wait and make detailed validity decisions only in those select situations where patent validity is actually challenged.⁴ Patent reexamination, either *ex parte* or *inter partes*, is the current administrative mechanism for challenging the validity of issued U.S. patents.⁵ *Inter partes* reexamination has rarely been used due to limited participation by challengers and statutory estoppel provisions.⁶ Many proposals for enhancing post-grant review proceedings have been presented, including the recently introduced Patent Reform Act of 2005.⁷ This article reviews *inter partes* reexamination requests filed between 2001 to 2005 to determine the existence of any concurrent litigation at the time the request was filed. Any future post-grant review procedures should overcome the shortcomings of the current *inter partes* reexamination process.

* J.D., Arizona State University College of Law. The author wishes to thank Douglas J. McGinty for his insightful and valuable feedback.

1. See THOMAS H. STANTON ET AL., NAT'L ACAD. OF PUB. ADMIN., U.S. PATENT AND TRADEMARK OFFICE: TRANSFORMING TO MEET THE CHALLENGES OF THE 21ST CENTURY 20, 75 (2005); see also Stephen G. Kunin & Anton W. Fetting, *The Metamorphosis of Inter Partes Reexamination*, 19 BERKELEY TECH. L.J. 971, 979-980 (2004).
2. See John R. Allison & Mark A. Lemley, *Empirical Evidence on the Validity of Litigated Patents*, 26 AIPLA Q.J. 185, 205-07 (1998).
3. See Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 NW. U. L. REV. 1495, 1497 (2001).
4. See *id.*
5. See 35 U.S.C. §§ 301-302, 303(b)-(c), 304-307, 311(b), 312(c), 313, 314(a) & (c), 315(a), 316 (2000); see also *id.* §§ 303(a), 311(a) & (c), 312(a)-(b), 314(b), 315(b)(c), 317(a)(b) (Supp. III 2003); FED. TRADE COMM'N, TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW POLICY 16 (2003).
6. See FED. TRADE COMM'N, *supra* note 5, at 16.
7. H.R. 2795, 109th Cong. § 9(f) (2005).

Part I of this article provides an overview of the current reexamination statutes. Part II discusses proposed post-grant opposition legislation and in particular, the Patent Reform Act of 2005. Part III provides data from the *inter partes* reexamination requests filed with the USPTO between the fiscal years 2001-2005 as to the percentage of requests involved in concurrent litigation. Part IV recommends removing or substantially lowering the estoppel provision from the current *inter partes* reexamination statutes and analyzing its impact prior to enacting new legislation. Moreover, Part IV recommends that the use of *inter partes* reexamination to challenge a previously litigated patent should be prohibited.

I. OVERVIEW OF CURRENT REEXAMINATION STATUTES

Reexamination is a mechanism for correcting an issued patent, in which the patent is examined in view of new prior art (such as previously issued patents or printed publications).⁸ One of the purposes of reexamination is to provide a forum, other than the district court, for challenging the validity of an issued patent.⁹ Moreover, “the intent underlying reexamination is to ‘start over’ in the [USPTO] with respect to the limited reexamination areas involved, and to reexamine the claims and to *examine* new or amended claims, as they had been originally examined in light of the prior art of record in the reexamination proceeding.”¹⁰ During reexamination, patent claims are given “their broadest reasonable interpretation, consistent with the specification,”¹¹ rather than the “clear and convincing” standard imposed on a litigant challenging the validity of a patent.¹² Reexamination also serves to facilitate trial “by providing the district court with the expert view of the [USPTO] (when a claim survives the reexamination proceeding).”¹³

A. *Ex Parte* Reexamination

Ex parte reexamination proceedings are codified in 35 U.S.C. §§ 301-307.¹⁴ This legislation was enacted in order to resolve “patent validity disputes more quickly and less expensively than litigation,” permitting “courts to defer issues of patent validity to the expertise of the [USPTO],” and restor-

8. See 35 U.S.C. §§ 301, 311.

9. See 145 CONG. REC. H6929, H6944 (daily ed. Aug. 3, 1999) (statement of Rep. Rohrabacher).

10. *In re Etter*, 756 F.2d 852, 857 (Fed. Cir. 1985) (emphasis in original).

11. *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984).

12. See *In re Etter*, 756 F.2d at 857. “The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.” 35 U.S.C. § 282 (2000).

13. *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983).

14. 35 U.S.C. §§ 301-307.

ing “investor confidence in the certainty of patents.”¹⁵ *Ex parte* reexamination proceedings may be requested by “[a]ny person at any time” during the patent term, including the patent owner,¹⁶ on the basis of prior “patents or printed publications.”¹⁷ The identity of the requesting party may be kept confidential.¹⁸ Reexamination only proceeds once the USPTO determines that the prior art raises a “substantial new question of patentability.”¹⁹ The *ex parte* reexamination procedure is a process similar to initial patent examination in that the patent owner may amend or add claims; however, the scope of the claims may not be enlarged.²⁰ If initiated by a third party, that party’s only participation in the reexamination process is filing “a reply to any statement filed by the patent owner” concerning a substantial new question of patentability.²¹ Moreover, only the patent owner may appeal an adverse decision regarding patentability to the Board of Patent Appeals and Interferences or seek judicial review.²² Because a third-party requester “cannot participate at all after initiating the proceedings,” *ex parte* reexamination was not used to the extent predicted by Congress.²³

B. *Inter Partes* Reexamination

Optional *inter partes* reexamination is codified in 35 U.S.C. §§ 311-318.²⁴ One purpose of enacting this legislation was “to reduce expensive patent litigation in U.S. district courts by giving third-party requesters, in addition to the existing *ex parte* reexamination . . . the option of *inter partes* reexamination proceedings in the [USPTO].”²⁵

Inter partes reexamination may be initiated by “[a]ny third-party requester at any time . . . on the basis of any prior art” during the patent term²⁶ and requires the identification of the challenger.²⁷ Such reexamination only proceeds once the USPTO determines “a substantial new question of patenta-

15. 145 CONG. REC. H6929, at H6944.

16. *See* 35 U.S.C. § 302.

17. *See id.* § 301.

18. *Id.*

19. *Id.* §§ 303(a), 304.

20. *Id.* § 305.

21. *Id.* § 304.

22. *See id.* § 306.

23. 145 CONG. REC. E1788, at E1790 (daily ed. Aug. 5, 1999) (statement of Rep. Coble).

24. 35 U.S.C. §§ 311-318.

25. 145 CONG. REC. E1788, at E1789-90.

26. 35 U.S.C. § 311(a).

27. *Id.* § 311(b)(1).

bility” exists.²⁸ *Inter partes* reexamination is similar to initial examination, but affords greater participation by a third-party requester, including the “opportunity to file written comments addressing issues raised by the action of the Office or the patent owner’s response thereto.”²⁹ Patent claims may be amended or added in *inter partes* reexamination while enlarging the scope of the claims is prohibited.³⁰ Either party may appeal or participate in any appeal to the Board of Patent Appeals and Interferences or the Court of Appeals for the Federal Circuit.³¹ In addition, if the patent owner is involved in litigation concerning an issue of patentability under reexamination, once reexamination is ordered, the patent owner may obtain a stay of litigation.³²

Unlike its *ex parte* counterpart, the third-party requester is later estopped in any civil action from asserting “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.”³³ The estoppel provision does not apply if the civil action is “based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the *inter partes* reexamination proceedings.”³⁴ Similarly, *inter partes* reexamination is prohibited if a third party has previously challenged the validity of a patent in district court but “has not sustained its burden of proving the invalidity of any patent claim.”³⁵ This prohibition does not apply if the newly discovered prior art was previously unavailable to the challenger and USPTO.³⁶

C. Effects of Court Decisions on Reexamination

In *Ethicon v. Quigg*, the Federal Circuit held that when conducting reexamination, the USPTO is not “bound by a court’s decision upholding a patent’s validity” because of the different standards of proof applied by the USPTO and the district courts.³⁷ However, “if a court finds a patent invalid, and that decision is either upheld on appeal or not appealed, the [USPTO]

28. *Id.* §§ 312(a), 313.

29. *See id.* § 314(b)(2).

30. *Id.* § 314(a).

31. *Id.* § 315(a)-(b).

32. *Id.* § 318.

33. *Id.* § 315(c).

34. *Id.*

35. *Id.* § 317(b).

36. *Id.*

37. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1428-29 (Fed. Cir. 1988); *see also* U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE, 2600-45 to -46 (8th ed. 2005).

may discontinue its reexamination.”³⁸ Prior to *Ethicon*, United States Surgical Corporation sued Ethicon to enforce a patent covering a surgical stapler.³⁹ Ethicon filed a request for *ex parte* reexamination, which was granted by the USPTO.⁴⁰ However, the Commissioner of Patents and Trademarks stayed reexamination pending a district court decision.⁴¹ Ethicon sued to enjoin the Commissioner from delaying reexamination.⁴² The district court denied an injunction and granted summary judgment for the Commissioner,⁴³ reasoning that a stay would “avoid duplication of efforts by the [USPTO] and the courts.”⁴⁴ However, upon appeal, the Federal Circuit reasoned that duplication did not exist because the “[USPTO’s] expertise does not exist elsewhere” and “the [USPTO] and the courts employ different standards of proof when considering validity.”⁴⁵ An argument advanced by the Commissioner was that an awkward situation would be created if reexamination and litigation reached different results regarding patent validity.⁴⁶ However, the Federal Circuit disagreed, reasoning that USPTO and district court employ “different standards of proof for determining invalidity” and could correctly reach different results based on the same evidence.⁴⁷ Moreover, the awkward situation was similar to when a court invalidates a patent issued by the USPTO.⁴⁸ Thus, a patent that survives an invalidity challenge in district court may still be subjected to reexamination.⁴⁹

D. Deficiencies in the Current Reexamination Procedure

A recent Federal Trade Commission study determined that the current reexamination proceedings suffer from “significant limitations.”⁵⁰ As to *ex parte* reexamination, potential defendants prefer trial, “fearing that reexami-

38. *Ethicon*, 849 F.2d at 1429.

39. *Id.* at 1423-24.

40. *Id.* at 1424.

41. *See id.*

42. *Id.*

43. *Id.* at 1424-25.

44. *See id.* at 1427.

45. *Id.*

46. *Id.* at 1428.

47. *Id.* at 1428-29.

48. *Id.* at 1428.

49. *Id.* at 1428-29; *see* U.S. PATENT & TRADEMARK OFFICE, *supra* note 37, at 2600-45 to -46.

50. FED. TRADE COMM’N, *supra* note 5, at 15.

nation might weaken their position in litigation.”⁵¹ *Ex parte* reexamination is often used by patent owners for the purpose of converting “an infringed but invalid patent into an infringed and valid patent” by narrowing claims such that they continue to cover the infringing technology.⁵² *Inter partes* reexamination was initially thought to be the “dominant forum for patent validity disputes [resulting in] a corresponding decrease in the number of patent infringement actions.”⁵³ However, the procedure has been used infrequently, partly due to the estoppel provision,⁵⁴ which prevents a third-party requester from asserting in litigation the invalidity of a claim based on any ground that was “raised or could have been raised during the inter partes reexamination proceedings.”⁵⁵ The estoppel provision is also thought to “unduly favor the patentee”⁵⁶ and thus potential infringers are unlikely to surrender their ability to litigate patent validity issues.⁵⁷

II. PROPOSED POST-GRANT OPPOSITION LEGISLATION

Many proposals have been introduced to improve the current post-grant review proceedings.⁵⁸ For example, the recently proposed Patent Reform Act of 2005 includes post-grant review in the form of opposition procedures.⁵⁹ Under the Act, a person may make an opposition request no later than “9 months after the grant of the patent” or no later than “6 months after receiving notice from the patent holder alleging infringement.”⁶⁰ However, if the patent owner consents, “an opposition request may be filed at any time dur-

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51. FED. TRADE COMM’N, *supra* note 5, at 16; *see* Gerald J. Mossinghoff & Vivian S. Kuo, *Post-Grant Review of Patents: Enhancing the Quality of the Fuel of Interest*, 43 IDEA 83, 90 (2002).
 52. Robert T. Pous & Charles L. Gholz, *Will Inter Partes Reexamination Be Embraced by Third Parties as an Alternative to Litigation?*, INTELL. PROP. TODAY, Mar. 2000, at 37.
 53. Michael L. Goldman & Alice Y. Choi, *The New Optional Inter Partes Reexamination Procedure and its Strategic Use*, 28 AIPLA Q.L. 307, 333 (2000).
 54. FED. TRADE COMM’N, *supra* note 5, at 16; NAT’L RESEARCH COUNCIL OF THE NAT’L ACADS., A PATENT SYSTEM FOR THE 21ST CENTURY 96 (Stephen A. Merrill et al. eds., 2004).
 55. 35 U.S.C. § 315(c).
 56. FED. TRADE COMM’N, *supra* note 5, at 16.
 57. NAT’L RESEARCH COUNCIL OF THE NAT’L ACADS., *supra* note 54, at 96.
 58. FED. TRADE COMM’N, *supra* note 5, at 23-24; NAT’L RESEARCH COUNCIL OF THE NAT’L ACADS., *supra* note 54, at 97-103; STANTON, *supra* note 1, at 75-77; Kunin & Fetting, *supra* note 1, at 978-988; Mossinghoff & Kuo, *supra* note 51, at 104-110.
 59. H.R. 2795, 109th Cong. § 9(f) (2005).
 60. *Id.* § 323.

ing the period of enforceability of the patent.”⁶¹ The person making the request must be identified,⁶² subject to certain exceptions,⁶³ and opposition proceedings are initiated only if “a substantial question of patentability exists for at least one claim in the patent.”⁶⁴ The opposition procedure is then assigned to a panel of three administrative patent judges.⁶⁵ The requester could challenge the validity of the patent on additional grounds, such as enablement and written description.⁶⁶ The challenger may also request an oral hearing⁶⁷ with live cross-examination of experts and engage in limited discovery.⁶⁸ Additionally, the patent owner may amend or add claims that do not enlarge the scope of the claims.⁶⁹ The opposing party has the burden of proving the invalidity of a claim “by a preponderance of the evidence,” and the claims are given “the broadest reasonable construction.”⁷⁰ After opposition is instituted, both the patent owner and challenger are prohibited from requesting reexamination of the same claims or issues.⁷¹ Any reexamination request made during the nine month or six month time frame is treated as an opposition request.⁷²

The opposition proceeding will be terminated if the parties reach a settlement.⁷³ Either party may appeal an adverse decision to the Court of Appeals for the Federal Circuit.⁷⁴ Moreover, the challenger is estopped from later contesting “any issue of fact or law actually decided” in the opposition proceeding in either district court or the USPTO.⁷⁵ Estoppel does not apply, however, if the challenger raises an “issue of fact and any determination issue of law for which the issue of fact was necessary” that “could not reasonably have been discovered by that opposer.”⁷⁶

61. *Id.*

62. *Id.* § 322(a).

63. *Id.* § 322(b).

64. *Id.* § 325(a)(1).

65. *Id.* § 325(c).

66. *See id.* § 324 (citing to §§ 101, 102, 103, 112, and 251(d)).

67. *Id.* § 330.

68. *Id.* § 328.

69. *Id.* § 327.

70. *Id.* § 332(a).

71. *Id.* § 340.

72. *Id.*

73. *Id.* § 338(a).

74. *Id.* § 334.

75. *Id.* § 336(a)(1).

76. *Id.* § 336(a)(2).

III. REVIEW OF *INTER PARTES* REEXAMINATION DATA

Between the fiscal years 2001 to 2005, 112 *inter partes* reexamination requests were filed with the USPTO.⁷⁷ *Inter partes* reexamination was selected for this study because the procedure is more adversarial in nature than its *ex parte* counterpart.⁷⁸ Applications were reviewed to establish two sets of data: (1) if the third-party requester and the patent owner were currently litigating the same patent at the time the reexamination was filed; and (2) the filing date of the concurrent litigation in relation to either the notice of litigation in U.S. district court or a district court decision.⁷⁹ Reexamination requests involved in concurrent litigation are summarized in Table 1 that includes the request date, the third-party requester, and the date the notice of litigation was filed in district court.⁸⁰

The first observable trend is that 42 of the *inter partes* requests (38%) were known to be related to concurrent patent litigations in which a third-party requester and the patent owner were parties. Secondly, in two known instances, *inter partes* reexamination requests were filed by a third party that was also a defendant in a patent infringement suit following an adverse jury verdict. These two cases, *NTP, Inc. v. Research in Motion, Ltd.*⁸¹ and *Immersion Corp. v. Sony Computer Entertainment America, Inc.*⁸² are illustrated below.

In *NTP*, patent owner NTP sued Research in Motion (“RIM”) to enforce several patents,⁸³ one of which was entitled, “Electronic Mail System with RF Communications to Mobile Processors.”⁸⁴ RIM’s Blackberry system, a handheld device that provides mobile access to electronic mail,⁸⁵ was found

77. U.S. PATENT & TRADEMARK Office, Performance & Accountability Report 131, (2005).

78. See 35 U.S.C. § 314(b)(2).

79. Data was extracted from the USPTO’s Patent Application Information Retrieval website by entering the Application Number, accessing the Image File Wrapper, and reviewing the Original *Inter Partes* Reexamination Request files or Reexamination Litigation Search files. U.S. Patent & Trademark Office, Patent Application Info. Retrieval, <http://portal.uspto.gov/external/portal/home> (last visited May 7, 2006).

80. See *infra* Table 1 (excluding litigation involving the patent owner and a party other than the third-party requester).

81. *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005).

82. *Immersion Corp. v. Sony Computer Entm’t Am., Inc.*, No. C02-0710 CW, 2005 U.S. Dist. LEXIS 4777 (N.D. Cal. Jan. 10, 2005); *Immersion Corp. v. Sony Computer Entm’t Am., Inc.*, No. C02-0710 CW, 2005 U.S. Dist. LEXIS 4781 (N.D. Cal. Mar. 24, 2005).

83. 418 F.3d at 1288-89.

84. U.S. Patent No. 6,317,592 (issued Nov. 13, 2001).

85. 418 F.3d at 1289.

by a jury on November 21, 2002 to have infringed upon NTP's patents.⁸⁶ As a result of this verdict, the court awarded NTP monetary damages of approximately \$53 million.⁸⁷ After the adverse jury verdict, RIM requested *inter partes* reexamination of one of NTP's infringed patents.⁸⁸ Although NTP originally filed suit on November 13, 2001,⁸⁹ RIM did not file a request for *inter partes* reexamination until May 29, 2003.⁹⁰ The case was recently remanded to district court after an appeal to the Court of Appeals for the Federal Circuit.⁹¹

In *Immersion Corp. v. Sony Computer Entertainment Am., Inc.*,⁹² patent owner Immersion sued Sony to enforce two patents, both of which were entitled "Tactile Feedback Man-Machine Interface Device."⁹³ The suit was filed on February 11, 2002.⁹⁴ The accused devices were Sony's PlayStation video game consoles and dualshock controllers when used to play selected PlayStation games.⁹⁵ The jury rejected Sony's defense that the enforced claims were invalid because it found that Sony had infringed on the patents-in-suit.⁹⁶ Furthermore, the jury awarded Immersion \$82 million in damages.⁹⁷ On March 24, 2005, judgment was entered in favor of Immersion in the amount of \$82 million.⁹⁸ On May 17, 2005 and May 19, 2005, Sony requested *inter partes* reexamination of the two previously litigated patents.⁹⁹

86. *Id.* at 1291.

87. *Id.* at 1292.

88. *Id.* at 1292 n.3.

89. *Id.* at 1290.

90. 1272 U.S. PATENT & TRADEMARK OFFICE OFFICIAL GAZETTE 92 (July 15, 2003), available at <http://www.uspto.gov/web/offices/com/sol/og/2003/week28/patreq2.htm> (last visited April 18, 2006).

91. 418 F.3d at 1282.

92. *Immersion Corp. v. Sony Computer Entm't Am., Inc.*, No. C02-0710 CW, 2005 U.S. Dist. LEXIS 4781 (N.D. Cal. Mar. 24, 2005).

93. *Id.* at *4-*5.

94. *Id.* at *5.

95. *Immersion Corp. v. Sony Computer Entm't Am., Inc.*, No. C02-0710 CW, 2005 U.S. Dist. LEXIS 4777, at *4 (N.D. Cal. Jan. 10, 2005).

96. *Id.* at *5.

97. *Id.* at *5-*6.

98. *Immersion*, 2005 U.S. Dist. LEXIS 4781, at *28.

99. 1295 U.S. PATENT & TRADEMARK OFFICE OFFICIAL GAZETTE 99 (June 21, 2005), available at <http://www.uspto.gov/web/offices/com/sol/og/2005/week25/patreq2.htm> (last visited April 18, 2006).

IV. ANALYSIS

A. *Inter Partes* Reexamination Demonstrates Limited Success

The data in Table 1 suggests that the large majority of third parties that requested *inter partes* reexamination did so for the purpose of settling patent disputes using administrative mechanisms. Between the fiscal years 2001 to 2005, 62% of the *inter partes* reexamination requests (i.e., 70 of 112 total requests) were filed without any known concurrent litigation. Thus, focusing solely on the volume of the requests may not accurately reflect whether or not *inter partes* reexamination should be deemed a failure.

A Federal Trade Commission report determined that “[n]o post-grant procedure will be successful unless it is used,” noting that the “virtually discarded *inter partes* reexamination experience provides a case in point.”¹⁰⁰ Since the original intent of the enacting reexamination was “to reduce expensive patent litigation in U.S. district courts,”¹⁰¹ *inter partes* reexamination has demonstrated limited success. If only a small fraction of requests for *inter partes* reexaminations (i.e., significantly less than 62%) were unrelated to concurrent litigation, it would appear that the procedure was only being used to supplement litigation rather than replace litigation. However, this is not the case and thus, *inter partes* reexamination should not be considered a complete failure.

The major weakness of *inter partes* reexamination is the volume of requests made during the first five years the procedure was in existence.¹⁰² The statutory estoppel provision is cited as a deterrent for the widespread use of *inter partes* reexamination.¹⁰³ Therefore, removing or substantially lowering the statutory estoppel provision may be the difference between an infrequently used and widely used procedure for settling patent disputes. One commentator voiced the concern that the proposed post-grant opposition in the Patent Reform Act of 2005, which includes an estoppel provision limiting subsequent challenges, may also suffer from infrequent use.¹⁰⁴ Instead of introducing abrupt changes to post-grant administrative procedures, an alternative approach may be to incrementally amend *inter partes* reexamination and analyze its results.

100. FED. TRADE COMM’N, *supra* note 5, at 20.

101. 145 CONG. REC. E1788, E1789-E1790 (daily ed. Aug. 3, 1999) (statement of Rep. Coble).

102. In comparison, during the same time period between 2001 and 2005, 1,155 *ex parte* reexamination requests were filed by a third party, or about a ten times the number of *inter partes* requests. U.S. PATENT & TRADEMARK OFFICE, *supra* note 77.

103. NAT’L RESEARCH COUNCIL OF THE NAT’L ACADS., *supra* note 54, at 96; FED. TRADE COMM’N, *supra* note 5, at 16; Kunin & Fetting, *supra* note 1, at 978.

104. Steven R. Ludwig, *The Most Comprehensive Change to U.S. Patent Law*, 12 INTELL. PROP. TODAY 8, 10 (July 2005).

Congress should consider temporarily repealing or substantially lowering the estoppel provision for *inter partes* reexamination and studying its effects. If the volume of *inter partes* requests greatly increases and the percentage of third parties who request *inter partes* reexamination for the purpose of resolving, rather than litigating, patent validity either remains constant (at 62%) or increases, then the appropriate level of estoppel would have been determined for any new post-grant opposition legislation. The estoppel provision was originally intended to “[t]o prevent harassment”¹⁰⁵ and function as “the insulation that effectively protects patent holders.”¹⁰⁶ Even still, one form of protection for the patentee is that the challenger must indicate “a substantial new question of patentability” to initiate reexamination.¹⁰⁷

B. Limitations on Post-Grant Review after Patent Litigation

The original intent of *inter partes* reexamination was “to reduce expensive patent litigation in U.S. district courts” under the belief that “the volume of lawsuits in district courts will be reduced if third parties can be encouraged to use [*inter partes*] reexamination.”¹⁰⁸ In other words, *inter partes* reexamination proceedings should serve as an inexpensive alternative to litigation. Moreover, the drafters of the *inter partes* reexamination statutes also expressed a desire to protect the patent holder from harassment from third-party challengers.¹⁰⁹ Contrary to the legislative intent, *inter partes* reexamination has been used to attack the validity of a patent by third parties subjected to adverse district court decisions, as illustrated in *NTP* and *Immersion*. In general, a third party can request *inter partes* reexamination “at any time” during the patent term.¹¹⁰ A third-party requester, who is also a defendant of a patent infringement suit, can request reexamination of the enforced patent, even after a final holding of validity, if the reexamination proceeding is “based on newly discovered prior art unavailable to the third-party requester and [USPTO].”¹¹¹ Under *Ethicon*, a final holding that a patent is valid does not bind the USPTO during reexamination.¹¹² As noted by one commentator, the ability to challenge a patent using *inter partes* reexamination after a district court judgment “may provide a third party with a back

105. 145 CONG. REC. E 1788, E1790 (daily ed. Aug. 3, 1999) (statement of Rep. Coble).

106. 145 CONG. REC. H6929, H6944 (daily ed. Aug. 3, 1999) (statement of Rep. Rohrabacher).

107. 35 U.S.C. § 312(a).

108. 145 CONG. REC. at E1789-90.

109. See 145 CONG. REC. at E1790; see also 145 CONG. REC. at H6944.

110. 35 U.S.C. § 311(a).

111. *Id.* § 317(b).

112. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1428-29 (Fed. Cir. 1988).

door avenue for a second ‘bite’ at invalidating the patent claims which were previously litigated.”¹¹³

The Patent Reform Act of 2005 forecloses the ability to initiate post-grant opposition after litigating by limiting time frame to no later than “[six] months after receiving notice from the patent holder alleging infringement.”¹¹⁴ Otherwise, due to the “preponderance of the evidence” standard for post-grant opposition¹¹⁵ and under the holding of *Ethicon*, a dissatisfied third party could prolong a patent dispute by initiating an opposition after litigating in district court. The Patent Reform Act’s limitations on the time frame for initiating post-grant opposition serves to streamline the resolution process rather than extend it, and the *inter partes* reexamination process should have a similar limitation to prevent the situation in *NTP* and *Immersion*.

CONCLUSION

A review of *inter partes* reexamination requests between the fiscal years 2001 to 2005 has determined that a large majority of third-party requesters did so for the purpose of settling patent disputes using administrative mechanisms. Removal of the statutory estoppel is likely to increase the volume of requests for *inter partes* reexamination. Congress should consider temporarily repealing or substantially lowering the statutory estoppel limitations in the current *inter partes* reexamination statutes and analyzing its effects prior to enacting the Patent Reform Act of 2005. In some instances, third parties, also defendants in patent infringement suits, requested *inter partes* reexamination to attack the validity of a previously litigated patent. Although the Patent Reform Act limits similar challenges to patent validity after litigation, a similar prohibition should be adopted for *inter partes* reexamination to make the resolution process more efficient, rather than prolong it.

113. Gholz & Pous, *supra* note 52, at 37.

114. H.R. 2795, 109th Cong. §§ 9(f), 323 (2005).

115. *Id.* § 332(a).

TABLE 1

| Application No. | Patent No. | Reexamination File Date | Third Party | Notice of Litigation |
|-----------------|------------|-------------------------|-------------------------------|---|
| 95/000,005 | 6,328,260 | July 15, 2002 | Harry Shannon | EnPat, Inc. v. Shannon, No. 6:02-CV-769 (M.D. Fla. filed July 5, 2002). |
| 95/000,011 | 6,317,592 | Apr. 17, 2003 | Research in Motion, Inc. | NTP Inc. v. Research in Motion, Ltd., No. 3:01-CV-767 (E.D. Va. filed Nov. 13, 2001). |
| 95/000,014 | 6,466,690 | May 16, 2003 | Aperio Technologies, Inc. | Bacus Labs., Inc. v. Aperio Techs., Inc., No. 1:02-CV-9073 (N.D. Ill. filed Dec. 13, 2002). |
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