

Text of Comments from Collin A. Webb, Chair of the Subcommittee on Reexamination and Opposition of the American Bar Association Section of Intellectual Property Law, for February 17, 2004, Round Table Discussion

Thank you for the opportunity you have given to the American Bar Association Section of Intellectual Property Law subcommittee on reexamination and opposition to provide its views in this round table forum. The views expressed at this forum are the opinion of the subcommittee, and are not yet approved by the ABA Intellectual Property Law Section.

35 U.S.C. §315(c) * estops a third-party requester from asserting after an inter partes reexamination, 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*. The estoppel does not prevent the assertion of invalidity 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.

This estoppel provision may be read too broadly by courts, thus creating an inequity, based upon an interpretation of either of two aspects of 35 U.S.C. §315(c). The first aspect relates to the “raised or could have raised” language. The second aspect relates to the estoppel exception, which carves out from the estoppel provision assertions of invalidity 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.

* 35 U.S.C. §315 was added by 106 Pub. Law 113. 106 Pub. Law 113, Div B, § 1000(a)(9), 113 Stat. 1536 (enacting into law § 4607 of Subtitle F of Title IV of S. 1948 (113 Stat. 1501A-571), as introduced on Nov. 17, 1999), provides: “Any party who requests an inter partes reexamination under section 311 of title 35, United States Code, is estopped from challenging at a later time, in any civil action, any fact determined during the process of such reexamination, except with respect to a fact determination later proved to be erroneous based on information unavailable at the time of the inter partes reexamination decision. If this section is held to be unenforceable, the enforceability of the remainder of this subtitle or of this title shall not be denied as a result.”

The raised or could have raised language of 35 U.S.C. §315(c) ** can give rise to an inequity because it may estop a third-party requester in inter partes reexamination from asserting an invalidity defense based on issues raised within the constraints of Patent and Trademark Office practice, but nevertheless not fully litigated and decided because of a lack of an opportunity for cross examination.

For example, suppose a third-party requester successfully initiates an inter partes reexamination and the patentee rebuts the third-party requester's case by filing an expert's affidavit. Such affidavits are not subject to the same scrutiny that expert testimony would be in federal court. Indeed, there is no procedure for qualifying experts and no opportunity to orally cross examine expert affidavits in an inter partes reexamination proceeding. As a result, an examiner in the U.S. Patent and Trademark Office may be swayed by an expert affidavit even though the expert's knowledge, qualifications and skills have not been tested through a qualification or cross-examination process. In a later civil action, the third-part requester may be estopped from challenging the conclusions of the expert.

A further inequity arises if a too-narrow interpretation of the last sentence of 35 U.S.C. §315(c) relating to the estoppel exception, which preserves the right to raise a ground of invalidity based on *unavailable* prior art, is adopted. At issue is the scope of prior art that is unavailable.

Strictly speaking, published prior art is available to a third party even if it is unknown to the third party. Therefore, a narrow interpretation of the estoppel exception will estop a third-party

** 35 U.S.C. §317(b) includes the same "could have" and exception language in a different context:

Once a final decision has been entered against a party in a civil action arising in whole or in part under section 1338 of title 28, that the party has not sustained its burden of proving the invalidity of any patent claim in suit or if a final decision in an inter partes reexamination proceeding instituted by a third-party requester is favor-able to the patentability of any original or proposed amended or new claim of the patent, then neither that party nor its privies may thereafter request an inter partes reexamination of any such patent claim *on the basis of issues which that party or its privies raised or could have raised in such civil action or inter partes reexamination proceeding*, and an inter partes reexamination requested by that party or its privies on the basis of such issues may not thereafter be maintained by the Office, notwithstanding any other provision of this chapter. This subsection does not prevent the assertion of invalidity 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.

requester from raising grounds of invalidity in a civil action arising after an inter partes reexamination if that grounds of invalidity is based on prior art that had been published prior to the inter partes reexamination but was unknown to the third-party requester.

For example, suppose a would-be defendant is concerned that it is subject to an imminent patent infringement suit. Rather than wait until the patentee files suit or file for declaratory judgment of invalidity, the would-be defendant files a third-party request for inter partes reexamination in order to litigate the invalidity issue in an inexpensive setting. The third-party requester may file the request as soon as possible based on adequate, available prior art and before an exhaustive, world-wide search can be completed. Filing an inter partes request as soon as possible may occur for a variety of acceptable reasons, such as to take advantage of the provisions under 35 U.S.C. § 318 for staying a pending litigation or to keep costs down. Suppose further that the inter partes reexamination is completed with a modification to the claims and that the patentee has a colorable, though perhaps weakened, case of infringement against the third-party requester.

An inequity arises if a material prior art publication is later discovered, because the third-party requester would be unable to challenge the validity of a patent asserted against him based on the newly discovered publication. However, another party that never engaged in an inter partes reexamination could still assert the newly discovered publication against the patentee in a civil litigation since the other party is not subject to the estoppel. Thus, the third-party requester would be prevented from raising a grounds of invalidity that another party could raise; and a patentee could assert a potentially invalid patent against the third-party requester and collect damages even though another party could successfully invalidate some or all claims of the patent. This scenario presents an unfair boon to the patentee at the expense of the third-party requester.

The scenario is not by any means far-fetched. Inter partes reexaminations are designed to be inexpensive relative to litigation, so a third-party requester should not be expected to perform a prior-art search as exhaustive as he would were he sued for patent infringement. Moreover, a defendant (or would-be defendant) may be in a hurry to file an inter partes reexamination request

in order to stay a civil litigation, which the defendant may not be able to afford. Therefore, the possibility that prior art will be discovered after an inter partes reexamination (even though it had been published, or available in a strict sense) is a real one.