

Round Table Meeting Regarding the Equities of Inter Partes Reexamination Proceedings

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Is Inter Partes Reexamination inequitable to any of the parties in interest?

I am a director in the biotechnology group at Sterne, Kessler, Goldstein & Fox P.L.L.C. I am also the chairperson of Sterne, Kessler's Patent Practice Committee. I represent small and large entities.

I have not filed, or defended against, a challenge in an inter partes reexamination proceeding. However, I have studied the rules for inter partes reexamination, and I counsel my clients with regard to inter partes reexamination. I'm here today to provide my view of the equities and inequities of current inter partes reexamination procedures.

Inter partes reexamination can be a good thing for both the patentee and the third party requester. As to the requester, it provides a means not only to get art of which the USPTO was not aware in front of the examiner, but also to comment on the art and on the patentee's arguments. The ability of the third party to provide comments allows the examiner to "hear" both sides of an issue, and thus make a decision that is better informed

Inter partes reexamination can also be a good thing for the patentee. Clearly, if the patent survives, inter partes reexamination has made the patent all the stronger now that the additional art has been considered.

Moreover, an inter partes reexamination proceeding that is brought soon after a patent issues and in which the examiner (and patentee) learns of "killer art" that cannot be removed, may ultimately save the patentee from expending significant funds and resources in developing the invention and in asserting the patent. As strange as it sounds, an inter partes reexamination proceeding that is filed soon after the patent issues and that brings forth non-removable art such that the patent is lost, may be a blessing in disguise for the patentee and focus the (former) patentee in other areas. Such a decision would be especially important for small entities that have more limited resources.

However, it is my opinion that the inequities outweigh the equities of inter partes reexamination. There are inequities to both the patentee and to the third party requester.

An inequity to the patentee is that an inter partes reexamination request can be filed at any time during the term of the patent. A requester has no duty to bring art of which it is aware to the attention of the USPTO or patentee. A competitor can be aware of prior art, and only make everyone else aware of such art many years after the patent issues, and after the patentee asserts patent rights against the competitor. Unfortunately, by this time, the patentee may have

committed significant funds to development programs. These programs may then be abandoned if it is decided that it is not economically desirable to proceed in that area without patent protection. Neither society nor the patentee benefits in such a situation. Also, a small entity would be impacted more than a large entity in this regard.

Even more apparent are the inequities for the third party requester. Under 35 U.S.C. 315(c), a third party whose request results in an order for inter partes reexamination is estopped 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 proceeding.

Under paragraph (b) of 35 U.S.C. 317, in a civil action, once a final decision against the third party requester has been entered, then neither that party nor its privies may thereafter request an inter partes reexamination of any of the patent claims on the basis of issues which that party or its privies raised or could have raised in the civil action or inter parties reexamination proceeding.

Note that this estoppel extends to any issue that "could have been raised." This especially impacts a third party requester that is a small entity and that has limited funds. By statute, the requester must develop and present any issue that can possibly be raised.

That's not to say that such estoppel provisions are not needed to prevent harassment. Rather just that by their nature, they detract from the attractiveness of using inter partes reexamination as a means to challenge a patent.

As a result, it is naïve to say that inter partes reexamination is simply a means by which to make the USPTO aware of art that may be of interest to the examiner, and to allow the third party requester to comment on the same. In reality, a third party requester that desires to use inter partes reexamination must argue all possible art based rejections. Argue everything you can now or lose the right to argue it later. There's no alternative. Thus, economically, inter partes reexamination can put a significant burden on the small entity, even if this burden is still much less than that cost of litigation. Further, legally, because of the estoppel that arises should the third party requester lose, inter partes reexamination always puts the requester at a significant disadvantage.

There is an inequity in that the third party requester may raise only art-based issues. Other validity-related questions such as enablement, written description, prior use or sale cannot be raised. Interestingly, enablement issues can arise. For example, the patentee may attempt to distinguish the cited art by arguing that the art is not enabled and the examiners can clearly handle these questions. However, by statute, the third party requester cannot use lack of enablement as a grounds for requesting an inter partes reexamination..

A third party requester that possesses a mixture of art and non-art related invalidity arguments is forced to segregate these issues between the art-based inter partes reexamination questions at the USPTO and the non-art based questions in the federal courts. Not letting USPTO examiners handle questions that USPTO examiners are trained to handle, and dividing such issues between

the USPTO and the federal courts, prolongs the time period under which the patent is clouded by questions about the validity of the patent claims. As a result, the limited scope of third party reexamination is an inequity to both the patent holder and to the third party requester.

In conclusion, I am of the opinion that the inequities of inter partes reexamination outweigh the equities.