

## BIO

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### Text of Oral Statement

US market participants need an effective mechanism which provides active participation in contesting the validity of overly broad patents. While *Inter partes* reexamination is a step in the right direction, as a practical matter, it is the preferred option in only very specific circumstances. Namely, *Inter Partes* is best suited in cases where the 3<sup>rd</sup> party requester identifies a perfect non-antedatable prior art reference 102(b) and has no other theories of invalidity which are better prepared with the aid of discovery or traditional courtroom advocacy.

Reasons why *Inter partes* reexamination is not used more often:

1. Effective for some types of 102b prior art where discovery is not important, but not good for ante-datable prior art (declarant has the advantage)
2. Cannot raise other types of prior art (Prior sale/use, inequitable conduct) or 112 issues
3. No discovery or cross-examination so as to challenge quality of declarations and credibility of declarants.
4. No ability to settle
5. Estoppels
6. Cannot remain anonymous
7. Attorneys and clients are not yet familiar with this proceeding, some may still think appeal rights are limited.
8. Only relatively new cases (filed after 11/1999) are eligible for *Inter partes* reexamination

Promising aspects of *Inter partes* reexamination:

1. Low cost alternative to Declaratory Judgment action
2. Technical decision makers
3. Cost effective as compared to litigation
4. No ability to counterclaim and can therefore stay focused on specific issue
5. A mechanism to allow members of public to supplement patentability decisions by Examiners
6. USPTO gets feedback on quality of examination
7. Potentially faster validity resolutions

The inability to conduct meaningful discovery and to cross-examine a declarant are handicaps of the *Inter partes* reexamination. 102a or 102e prior art can be sworn-behind, and thus for validity challenges based on 102a or 102e art will invariably be biased in favor of the patentee. The patentee can file a declaration asserting an earlier invention date, but the 3<sup>rd</sup> party requester cannot conduct discovery to test the quality of the evidence in the declaration.

The limited grounds of initiating an *Inter Partes* procedure tend to dissuade litigators who prefer to have “a full arsenal” of options for addressing a problem patent.

The *Inter Partes* reexamination procedure is new and not yet well known to many IP owners. Certainly the number of requests will increase as more patents become eligible for *Inter Partes* reexamination and the proceeding becomes better known. However, unless the scope of the *Inter partes* reexamination is expanded to cover other types of validity challenges, and allow at least limited discovery, it will remain of limited value to members of the public who want a cost-effective and reliable means to challenge an overly broad patent.

In the interest of harmonization, and to provide industry members with a more efficient tool to challenge invalid patents, the European opposition proceeding and the Japanese invalidity appeal are closer to what the US ultimately needs to implement as recently recommended by the U.S Dept of Justice. Of course the US procedure would be adapted for our system of law, which would permit all types of invalidity/enforceability challenges to be made in one proceeding and allow discovery so all relevant information comes to light before a decision is made.

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