Patent Reexamination: A Defense Against Patent Infringement

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If a competitor or a patent troll has a patent that you think may accuse you of infringing, you cannot seek a declaratory judgment until it threatens you with infringement. If a patent holder threatens to sue, or does sue you for infringing the patent, you may not want to incur the costs of a full-blown trial. In both cases, a patent reexamination proceeding may provide an attractive alternative to resolve the issue.

There are two types of reexaminations: ex parte and inter partes. Both types provide for an examination by the US Patent and Trademark Office (the "USPTO") of an issued patent based on a claim that it is invalid because of prior art patents or printed publications. Other grounds to challenge the validity of a patent cannot be raised in a reexamination.

An ex parte reexamination request is filed with the USPTO to start the proceeding. If the request is granted, the remainder of the proceeding is, for the most part, between the USPTO and the patentee. A patent examiner examines the claims of the patent in view of the prior art and sends an "office action" to the patentee, confirming, cancelling, or changing one or more of the claims, and the patentee responds. Ex parte reexaminations do not preclude any prior art defenses in litigation.

An inter partes reexamination is also started with a request to the USPTO. If the request is granted, the party challenging the patent plays a larger role. The challenging party may submit comments on each of the patentee's responses to the USPTO. Inter partes reexaminations are only available for patents that issue from applications filed on or after November 29, 1999. The challenging party is barred from raising in litigation any invalidity grounds that were, or could have been, raised in the reexamination.

The Patent Office's published statistics from August 2009 show that 92% of ex parte requests and 95% of inter partes requests were granted. Additionally, of the ex parte requests granted, 25% resulted in all claims being confirmed, 11% resulted in all claims being cancelled, and 64% resulted in claims being changed. For inter partes requests granted, 5% resulted in all claims being confirmed, 60% resulted in all claims being canceled, and 35% resulted in claims being changed. The Patent Office also reports that an ex parte reexamination takes an average of 25 months and an inter partes reexamination takes an average of 35 months.

The cost of both types of reexamination proceedings is generally less than the cost of litigation. Moreover, the cost of an ex parte reexamination is considerably less than that of an inter partes reexamination. The cost differential is due to the limited role of the requester in an ex parte reexamination. Counterbalancing the cost differential is the fact that in 60% of inter partes reexaminations, but only in 11% of ex parte reexaminations, all the claims were canceled.

A presumption of validity does not apply to claims in either type of reexamination as it does in litigation. Consequently, claims in reexaminations are judged by a preponderance of the evidence standard, which is significantly easier to meet than the clear and convincing evidence standard used in litigation.

Finally, if litigation has been started, it is important to consider whether the litigation will be stayed until the reexamination has been completed. In general, courts are inclined to grant motions to stay pending a reexamination if the motions are filed early in the litigation.

A reexamination proceeding may be a favorable way to resolve an infringement issue. Whether or not it is in a specific case is dependent on the weighing of the factors outlined above, which should be undertaken with some care as a reexamination cannot be stopped by the parties once it is started. ▮

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