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The Tension between Reexamination and Litigation: A Roadmap for Patent Litigators

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Navigating the copending paths of patent litigation and reexamination requires continuous strategizing and analysis by both the patentee and the accused infringer at every stage of the process. The effect of reexamination proceedings in litigation may depend upon whether they are *ex parte* or *inter partes* proceedings and upon the extent and stage of claim rejections. Current inconsistencies in timing and outcome between reexamination and litigation continue to cause significant uncertainties for litigating parties. Only the future will show whether or not some of these inconsistencies will be remedied under the new *inter partes* review of the Leahy-Smith America Invents Act (AIA).

How Does a Final Reexamination Decision Affect Subsequent Litigation?¹

A nonappealable final reexamination decision may have preclusive effects on subsequent litigation,² depending upon the specific situation, that is, whether the decision was a final finding confirming patentability or unpatentability and whether the process was an *inter partes* or *ex parte* reexamination proceeding. Regardless of the type of reexamination, when patent claims are found finally to be unpatentable in reexamination proceedings, all persons are thereafter precluded from asserting unpatentable claims. To the extent that a patent claim is finally confirmed as patentable, the effect on subsequent litigation depends upon the type of reexamination. For an *ex parte* reexamination, a court in subsequent litigation still has the authority to find the confirmed patent claims

invalid despite the reexamination decision.³ For an *inter partes* reexamination in which patent claims are finally confirmed, a third-party requestor cannot assert in court any grounds raised or that could have been raised during the reexamination.⁴ Note that such estoppel is specific to *that* party and to prior art that was or could have been raised in the reexamination. Therefore, a court may still find patent claims invalid that were finally confirmed patentable in an *inter partes* reexamination if the invalidity assertions are brought by a different party or are based on prior art that was not raised or that could not have been raised during the prior reexamination. Although the current *inter partes* reexamination procedure will be phased out beginning September 16, 2012, it will be replaced with an *inter partes* review that has estoppel provisions similar to the current *inter partes* reexamination.⁵

How Does Final Litigation Affect a Subsequent Reexamination?

If patent claims are finally held *not* to be invalid⁶ in

case, the party or parties failing to meet their burden of proof of invalidity are precluded from pursuing an *inter partes* reexamination on the basis of issues that they raised or could have raised in the civil action, and any such reexamination requested by those parties on the basis of such issues may not be maintained by the US Patent and Trademark Office (PTO).⁷ Note that this estoppel is specific to that party or parties and to prior art that was or could have been raised in the case. If patent claims are finally held not to be invalid in a case, an *ex parte* reexamination may still be pursued on the same basis as in the case or on a different basis.⁸ While the PTO may “accord deference to the factual findings made by a court,” a court’s decision of validity is not binding on the PTO.⁹ In contrast, a final holding of invalidity or unenforceability (after all appeals) is controlling on the PTO in an examination.¹⁰

Is Evidence of Pending Reexamination Proceedings Admissible in a Civil CASE?

Whether or not pending reexamination proceedings are admissible is not a fully developed area of law. In 2009, the Court of Appeals for the Federal Circuit (Federal Circuit) affirmed the District of Delaware Court's decision in *Callaway Golf Co. v. Achushnet Co.* to refuse to allow evidence of claim rejection in a parallel *inter partes* reexamination before the jury on the question of obviousness, finding that the prejudicial nature of the evidence outweighed the probative value.¹¹ However, the Federal Circuit did preclude the patentee from further bolstering the validity of the patents after the patentee's attorneys made a potentially misleading statement that the patents had been approved by three patent examiners.¹² The *Callaway Golf* case involved two patents in *inter partes* reexaminations; one had proceeded through one nonfinal office action rejection and the other had proceed through two.¹³ The decision in this case is some indication that patentees may be limited in describing the presumption of validity when a reexamination proceeding is ongoing.

Some courts have considered admitting evidence of rejections in copending reexaminations when the reexamination proceedings are further advanced. In *Flo Healthcare Solutions v. Rioux Vision, Inc.*, Judge Thrash, of the Northern District of Georgia, denied a motion *in limine* seeking to exclude reexamination proceedings from evidence based on the advanced nature of the proceedings.¹⁴ The *Flo Healthcare* case involved an *inter partes* reexamination of the PTO's issue of a right of appeal notice (RAN).¹⁵ Judge Thrash held that, because the patent examiner had taken final action, the jury should be able to consider the evidence and give whatever weight they choose to that evidence.¹⁶ He held that the reexamination evidence was admissible for invalidity, willfulness, and inconsistent positions taken by the patentee.¹⁷

In a more recent case, *Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, the District of Delaware Court decided that, because of the advanced stage of reexamination proceedings (appealed to the PTO's Board of Patent Appeals and Interferences [BPAI]), the trial should be bifurcated on willfulness and that a decision on admissibility as to willfulness should be decided after infringement was proven.¹⁸ The court ultimately decided that, because the retrial on willfulness was a bench trial, neither party would be prejudiced by the admission of the reexamination and therefore admitted the evidence as to willfulness.¹⁹

In *Presidio Components, Inc. v. American Technical Ceramics Corp.*, The Southern District of California

Court also leveled the playing field for the accused infringer by preventing the patent owner from referencing the presumption of validity, but it excluded evidence of an initial grant of reexamination.²⁰

Finally, in *Fresenius Medical Care Holdings, Inc. v. Baxter Int'l Inc.*, the Northern District of California Court declined to rule on the admissibility of reexamination proceedings but noted that "any prejudicial effect on the jury could be alleviated by the appropriate jury instructions."²¹

Although the courts in several cases, including *Callaway Golf*, have held that reexamination proceedings are inadmissible, most of these cases involved reexaminations that were in the very early stages and did not involve the issuance of an action closing prosecution (ACP) or a RAN.²² Whether evidence of a reexamination is admissible when the reexamination proceedings have further progressed remains to be seen.

To decrease the risk of prejudice to patentees, courts are more likely to admit reexamination evidence for summary judgment purposes than for jury consideration.²³ For example, in *Tesco Corp. v. Weatherford Int'l, Inc.*, Judge Ellison held that the reexamination evidence was admissible at the summary judgment stage for only the issues of willful infringement, prosecution history estoppel, and inequitable conduct;²⁴ however, he excluded evidence of the reexamination proceedings for purposes of invalidity at the summary judgment stage because of the differing standards applied in the PTO and in litigation and to avoid the risk of prejudice and confusion.²⁵

How Does a Pending Reexamination in which Claims Are Confirmed Affect Copending Litigation?

Will Courts Remove a Stay of Civil Litigation When Patent Claims Are Confirmed in Reexamination?

As discussed below, many courts, as they have discretion to do, will grant stays requested by the accused infringer pending the outcome of reexamination proceedings. During the course of the litigation, if the PTO indicates that some or all of the claims may be confirmed, the court also has discretion to lift any stay previously granted.²⁶ If and when the circumstances that originally persuaded the court to impose a stay have changed significantly, the court may lift the stay.²⁷

For example, in *Cross Atlantic Capital Partners, Inc. v. Facebook, Inc.*, the Eastern District of Pennsylvania Court recently lifted a stay because the patent examiner had issued a RAN confirming most of the claims and

deeming patentable other claims as amended.²⁸ The parties had cross-appealed the reexamination decision, and the examiner issued her answer to the requestor's appeal brief reaffirming her opinion set forth in the RAN.²⁹ Despite the pending cross-appeals to the BPAI and any potential appeal to the Federal Circuit, the court held that, because of the conclusions of the proceedings before the examiner, the stay was no longer justified.³⁰ It was only after the examiner answered the appeal brief that the court decided to lift the stay.³¹ Courts have routinely held that when preliminary examination proceedings reveal that some of the claims at issue will survive reexamination, the court may dissolve the stay.³²

Will the PTO Suspend Reexamination Proceedings Based on Copending Litigation?

A suspension of a reexamination proceeding will only be granted in extraordinary instances because of the statutory requirements that reexaminations proceed with "special dispatch."³³

The PTO is authorized to suspend *inter partes* proceedings pending the conclusion of litigation based on a potential for termination of a reexamination under Title 35 U.S.C. § 317(c) when there is "good cause" to do so.³⁴ For example, a district court decision, *eSoft, Inc. v. Blue Coat Systems, Inc.*, which is pending appeal to the Federal Circuit on validity of the same claims considered in a reexamination, may provide the necessary "good cause" for a stay in the PTO because of the possibility that Section 317(c) estoppel may terminate the reexamination in the near future.³⁵ A stay of an *inter partes* proceedings, however, will probably not be granted when estoppel under Section 317 does not attach.³⁶ For example, when claims subject to reexamination are not part of a case or when a reexamination reveals new issues that were not raised (and could not have been raised) in the case, a stay in the PTO is unlikely.³⁷ For this same reason (no estoppel), suspension will likely not be granted in an *ex parte* proceeding.

How Does an Ongoing Reexamination in which the Claims Are Rejected Affect Pending Litigation?

Is It a Race to the Federal Circuit?

The timing of a civil case and copending reexamination (when the claims are in some stage of rejection) is crucial and very tricky for parties navigating the dual path of litigation and reexamination. As discussed above, the dual paths are not necessarily parallel and

can have profound effects on one another. For example, in 2007, the Federal Circuit issued two opinions regarding *Translogic Tech., Inc. v. Hitachi, Ltd.* In Hitachi's appeal of the Oregon District Court's decision in the case, the Federal Circuit vacated the district court's judgment that found all patent claims not invalid based upon the rejection by the BPAI of the claims in the case. In Translogic's reexamination appeal of the BPAI's decision, *In re Translogic Tech., Inc.*, the Federal Circuit affirmed the BPAI's conclusion.³⁸ This case was special because the reexamination and the case arrived on appeal at the Federal Circuit simultaneously.³⁹ Some litigants believe that appeals are simply a race to the Federal Circuit and that whichever proceeding arrives at the Federal Circuit first (litigation versus reexamination) will prevail. This timing issue is discussed below in greater detail.

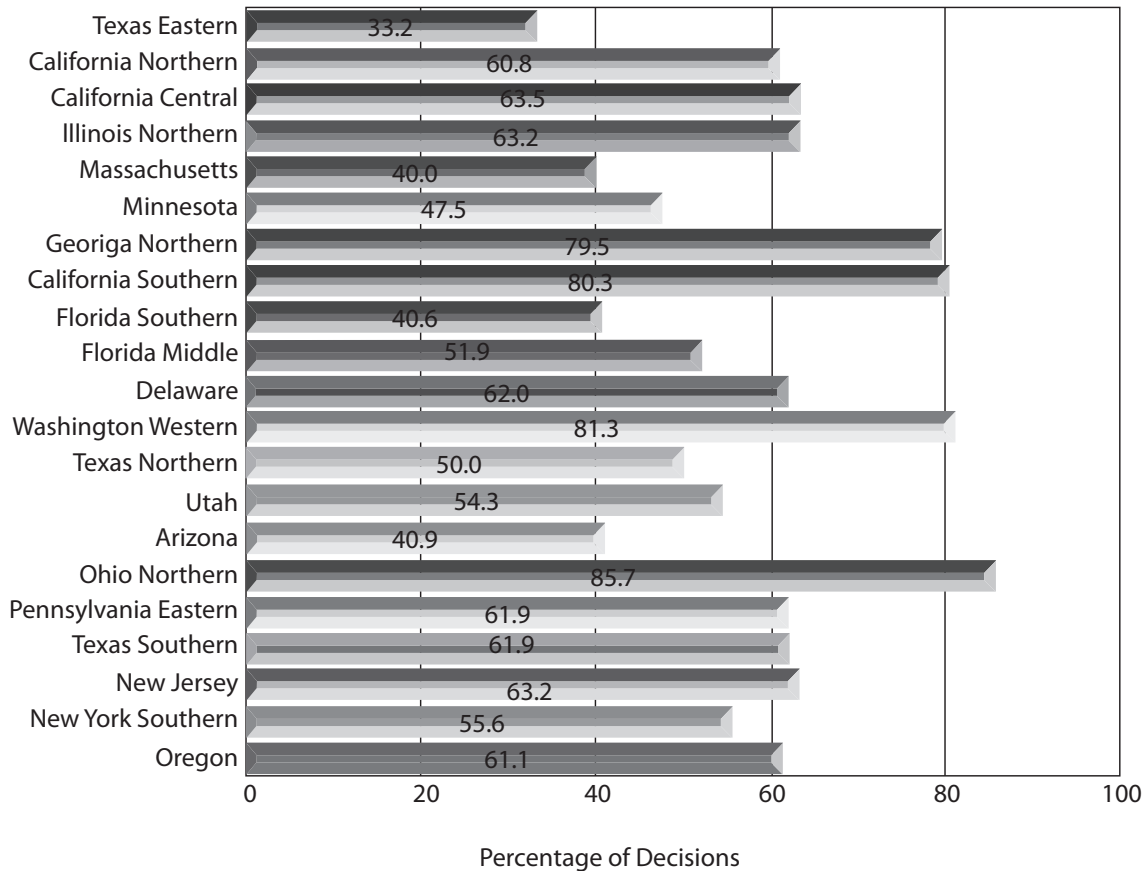
Will Courts Stay a Civil Action When the PTO Has Already Rejected the Claims in Reexamination?

One option that accused infringers have in dealing with the timing issue in copending reexamination and litigation is to request a stay. Of course, whether or not a stay will be granted by a district judge is a difficult question because it is within the district courts' discretion and judges have the inherent power to control their own dockets.⁴⁰ Exhibit 1 is an excerpt from a Legal-Metric March 2011 report showing that the win rates for motions to stay pending reexamination have varied dramatically among federal district courts from January 1991 to March 2011 in the top 20 districts: from 33.2 percent in the Eastern District of Texas to 85.7 percent in the Northern District of Ohio.

Some courts have even stayed cases in exchange for the accused infringer's stipulating not to challenge patent validity at trial based on prior art considered in reexamination, which can affect the statistical win rates of motions to stay; that is, some accused infringers will simply not put all their eggs in the reexamination basket.⁴¹ Courts generally consider the following factors when determining whether or not to stay a case pending an ongoing reexamination: "(1) Whether a stay will unduly prejudice or present a clear tactical disadvantage to the non-moving party, (2) whether a stay will simplify the issues in question and trial of the case, and (3) whether discovery is complete and whether a trial date has been set."⁴²

When considering prejudice, courts may consider the extent to which the parties are competitors; that is, courts are reluctant to stay a case if the patentee is being harmed in the market by the alleged infringement.⁴³ Courts also consider the inherent delay in reexamination

Exhibit 1: Win Rates for Motions to Stay Pending Reexamination in Federal District Courts from January 1991 to March 2011



Source: *Nationwide Stays Pending Reexam Report*. LegalMetric, March 2011.
http://www.legalmetric.com/patent/nationwide_reexam.html

proceedings when considering the prejudice to the patentee.⁴⁴ A nonmovant will often cite statistics showing long-delay rates. For example, a nonmovant will usually point to the average number of months that go by from the filing of a request to a notice of intent to issue a Reexamination Certificate. The average is currently 15.3 months for *ex parte* proceedings and 33.9 months for *inter partes* proceedings.⁴⁵ The problem with these statistics, however, is that they are skewed by reexaminations that default because of a lack of participation or circumstances in which claims have been cancelled or abandoned. A nonmovant would be better served by pointing to the pendency statistics for the BPAI. The current statistics indicate that the BPAI takes an average of 33 months from a notice of appeal to a decision.⁴⁶

The above-mentioned statistics, as they relate to *inter partes* reexaminations, will become irrelevant when the new *inter partes* review procedure created by the AIA becomes effective in September of 2012. Specifically, the

AIA requires that the PTO issue a *final* decision within one year of the initiation of the review procedure (a six-month extension is available for a complex case).⁴⁷ *Inter partes* reviews will be handled exclusively by the BPAI and will be only appealable to the Federal Circuit.⁴⁸ This new, expedited process will likely alleviate the painfully slow proceedings under the current *inter partes* reexamination procedure.⁴⁹

Another consideration for courts is the status of a reexamination when determining whether a stay will simplify the issues.⁵⁰ The more progressed that reexamination proceedings are, the more likely a stay will be granted.⁵¹ Parties often use various reexamination statistics and courts often look at these statistics when considering whether a reexamination will simplify the issues. For example, a movant will often cite statistics showing that a very low percentage of patents actually emerge from reexamination with all claims confirmed. These statistics support the movant's argument that a stay is beneficial

because the claims will likely be either amended or changed.⁵² A nonmovant will often cite statistics showing that, in a very low percentage of reexamination proceedings, all alleged claims are cancelled.⁵³ These statistics support the nonmovant's position that a stay is not warranted because many of the claims will emerge from reexamination as is or with minor amendments.

As discussed above, if a stay in a district court is granted, the court also has discretion to lift the stay. The nonmovant is entitled to update the court on the status of the reexamination and request that the stay be removed. Conversely, if a stay is denied, the movant is entitled to renew its request for a stay as the circumstances change.

While a stay in a district court after a jury verdict or judgment is theoretically possible, courts have not been inclined to grant them.⁵⁴ However, the Federal Circuit in *Standard Havens Products, Inc. v. Gencor Industries, Inc.* held that a stay of permanent injunction and of damages proceedings should be granted pending a final reexamination decision.⁵⁵ In that case, the Federal Circuit noted that the injunction would immediately become inoperative if a reexamination decision of unpatentability were upheld.⁵⁶ The Federal Circuit further stated that damages would also be precluded because a final decision of unpatentability means that a patent is void *ab initio*.⁵⁷

More recently, Federal Circuit Justices Newman and Dyk debated whether a postverdict stay pending the resolution of reexaminations proceedings is appropriate.⁵⁸ Justice Newman thought that a stay would be a distortion of the role of reexamination, while Justice Dyk did not think that a district court should be precluded in its discretion from staying further proceedings pending the outcome of a reexamination.⁵⁹

A stay in the Federal Circuit following a district court's judgment is also a potential option. The Federal Circuit declined a stay of the appeals proceeding pending the outcome of a reexamination in *Standard Havens Products, Inc. v. Gencor Industries, Inc.*⁶⁰ However, in that case, both parties agreed that they did not want a stay.⁶¹

While stays are generally not granted in reexamination proceedings because of the requirement for "special" dispatch, they technically may be requested.⁶² For example, as discussed above, when there is a copending *inter partes* reexamination with a district court that has held that the claims are not invalid, there may be "good cause" to suspend the reexamination proceeding based on the potential for Title 35 U.S.C. § 317 estoppel to attach.

What Happens If a Third-Party Requestor Settles?

If a third-party requestor to an *inter partes* reexamination settles its claims with the patent holder during copending litigation, the settlement agreement by itself

will not operate to terminate a reexamination proceeding. Because a settlement agreement along with a stipulation and order of dismissal do not constitute a final decision against arequestor, the requestor does not sustain its burden of proving invalidity pursuant to Title 35 U.S.C. § 317(b).⁶³ Further, because a settlement agreement and order of dismissal are not sufficient to terminate an *inter partes* reexamination, the *inter partes* proceeding will effectively become an *ex parte* proceeding if the third-party requestor cease to participate. A consent agreement or a stipulated judgment that the parties agreed that the burden of proving invalidity had not been met, however, may be sufficient to terminate a reexamination proceeding pursuant to Title 35 U.S.C. § 317(b).⁶⁴

If a third-party requestor settles with the patentee and the *inter partes* reexamination continues, it is unlikely that the PTO would allow another party to substitute as the third-party requestor.⁶⁵ While it may initially seem appealing to a nonsettling accused infringer to step in the shoes of the third-party requestor, the effects of Title 35 U.S.C. § 317(b) should be seriously considered. In other words, in a scenario in which a nonsettling accused infringer becomes a third-party requestor and there is subsequently a noninvalidity judgment in court, the reexamination will be terminated; however, had the nonsettling accused infringer not interfered in the reexamination, the reexamination would have continued in the event of an unfavorable validity judgment in court. Therefore, accused infringers should think twice about attempting to step into a settling third-party requestor's shoes in a reexamination.

A third-party requestor of an *inter partes* reexamination involved in copending litigation with multiple accused infringers has some increased bargaining power for settlement with the patent holder for a few reasons. First, if the settling accused infringer ceases participation in the reexamination, the *inter partes* reexamination will effectively turn into an *ex parte* reexamination in the PTO. Hence, there will cease to be a party advocating the invalidity position in the reexamination proceeding. Additionally, if the third-party requestor has done the lion's share of the invalidity analysis and preparation, the patent owner may settle with the third-party requestor on the eve of trial and leave the remaining defendants high and dry as to preparation of the invalidity case. Finally, if the third-party requestor stipulates and consents that it failed to meet the burden of invalidity and the reexamination is terminated under Title 35 U.S.C. § 317(b), the remaining accused infringers are left with no reexamination proceedings at a late stage in the litigation.

The analysis as to what happens if a third-party requestor settles will change when *inter parte* reexamination is phased out in September of 2012.⁶⁶ The new *inter partes* review will allow the parties to settle and terminate a review without a

showing that the requestor has failed to meet its burden of proof on invalidity, as currently required by Title 35 U.S.C. § 317(b).⁶⁷ This change arguably will increase the bargaining power of the third-party requestor.

Stall Tactics

Practitioners and parties who believe that the reexamination–litigation dual path is a race to the Federal Circuit have made attempts to stall reexamination proceedings in the hopes that a favorable court judgment will arrive at the Federal Circuit before an unfavorable reexamination. For example, in two currently pending *inter partes* reexaminations involving the same patent owner, the patent owner filed at least 12 petitions in each case as well as several noncompliant papers, resulting in an 18-month delay in one reexamination proceeding and a 25-month delay in the other.⁶⁸ In the '407 reexamination, the patentee petitioned the PTO to file a 391-page response to its examiner's first office action and then submitted a 332-page response without permission.⁶⁹ The PTO limited the response to 75 pages, and then the patentee refiled the 332-page response in a ridiculously tiny font to condense it in 75 pages.⁷⁰ The total amount of delay as a result of these petitions and improper papers was four months, in addition to the original time given to respond. The patentee used this very same tactic in the '418 reexamination.⁷¹ In the same reexamination, this patent owner submitted noncompliant responses to ACPs.⁷² The total delay in responding to the ACPs was three months, in addition to the original time given to respond. The patentee continued these delay tactics during the appeal. The appeal brief far exceeded 100 pages and included small font even though the limit is 30 pages.⁷³ The total delay in the appeal brief was another three months, in addition to the original time given to respond. In addition to these petitions and noncompliant papers, the patentee in these cases also filed petitions for corrected office actions and right of appeal notices based on minor clerical issues.⁷⁴

The authors of this article recently spoke to a legal advisor of the Office of Patent Examination Policy (OPLA) who handles many of these petitions to determine whether substantive examination will continue while a petition is pending before the OPLA or whether prosecution will be delayed. The legal advisor indicated that in the case of a petition, such as a page-limit waiver, in which the pending filing may not be entered, the examiner will not do any substantive review while the petition is pending, and in those cases the substantive examination is halted. Thus, it is clear that filing multiple petitions in reexaminations can delay the proceedings significantly. The legal advisor gave the authors the impression that these stall tactics are being widely used by patentees.

It will certainly be interesting to see how these patent holders' stall tactics will hold up when the new *inter partes* review is instituted in September of 2012. The time limits of the new *inter partes* review should severely limit the PTO and will likely cause the current petition practice to be very limited. Of course, these stall tactics will still be available for *ex partes* reexamination proceedings.

How Does a Reexamination in which the Claims Are Rejected Affect a Prior Final Judgment in a Case?

Inconsistent Findings by Courts and Administrative Bodies

Another issue that causes problems for litigators is inconsistent findings by judicial and administrative bodies regarding the same patent. What happens if a patentee has a final judgment of “not invalid” and infringed against Company A but a subsequent reexamination invalidates some or all the claims of the patent? This can be a problem for both the patent owner and the infringer. The infringer has to deal with the possibility of paying royalties or abiding by an injunction on an invalid patent. The patentee, on the other hand—after obtaining a favorable reexamination decision and appeal—might face cancellation of all relief. This type of situation arises because a finding of “not invalid” in court is not binding on the PTO.⁷⁵

The rules and results can vary, however, depending on the type of reexamination. For an *inter partes* reexamination, Title 35 U.S.C. § 317 specifically addresses the parallel litigation and reexamination context. If Company A, an adjudicated infringer, cannot prove invalidity of the patent-in-suit in a court of law *and* a final court judgment is issued, Company A is estopped from participating in an *inter partes* reexamination based on the same invalidity arguments.⁷⁶ Section 317, however, does not bar the filing of an *inter partes* reexamination by an party unrelated to Company A. Thus, the same inconsistencies can arise in the *inter partes* context; that is, a final judgment by a court finding a patent valid and infringed is coupled with a subsequent or concurrent reexamination finding the same patent invalid.

The *ex parte* reexamination has no statute similar to Section 317 that would bar such an inconsistent result. Thus, an adjudicated infringer can submit the same arguments and prior art to the PTO, and unlike court proceedings, which require clear and convincing proof of invalidity, the PTO requires only a preponderance of the evidence.⁷⁷

The question for an adjudicated infringer is, “What recourse does it have to reverse the prior final judgment based on a subsequent invalidity finding by the PTO?” On the flip side, “Is there any protection for a patentee from a subsequent PTO decision other than Section 317? Although there is no bright-line rule, some courts have spoken to the issue of the effect of a final reexamination decision on civil suits.

In *Standard Havens Prods., Inc. v. Gencor Indus., Inc.*,⁷⁸ the Federal Circuit, in an unpublished decision, dealt with a motion to stay litigation proceedings pending a concurrent reexamination. The trial court had denied the defendant’s motions for a stay of permanent injunction and a stay of damages. The Federal Circuit reversed the decision, finding that if the parallel reexamination proceeding upheld the decision of unpatentability, the injunction would become inoperative and damages would also be precluded.⁷⁹ The Federal Circuit stated that the final “reexamination proceedings ‘would control’ the infringement suit,” and thus, the issue of damages and injunction were stayed.⁸⁰

The *Translogic* cases,⁸¹ as discussed above, possibly comprise the most efficient scenario, in which both the reexamination and the case arrived at the Federal Circuit at about the same time.⁸² The *Translogic Tech., Inc. v. Hitachi, Ltd.* civil action began on March 24, 1999.⁸³ Between June 4, 1999, and September 27, 2002, multiple requests for reexaminations were filed—all of which were merged into one proceeding.⁸⁴ Both the court case and the reexaminations proceeded concurrently.⁸⁵ On May 5, 2005, a jury found that the patent was infringed and not invalid.⁸⁶ Defendant Hitachi was held liable for damages, and the district court issued an injunction.⁸⁷ The district court’s final judgment was entered in December of 2005.⁸⁸

On appeal of the *Translogic* case to the Federal Circuit, the reexamination appeal by Translogic of the BPAI’s decision was added to the panel hearing for the appeal of the district court’s judgment.⁸⁹ The panel chose to address only Translogic’s reexamination appeal of the BPIA’s decision and sustained the final rejection by the PTO of the claims of the patent-in-suit.⁹⁰ That same day, the court vacated the district court’s judgment and remanded the case to the district court for dismissal.⁹¹ Thus, the Federal Circuit, in effect, held that its final decision affirming the PTO’s rejections of claims in the reexamination operated to void the district court’s judgment.

From a procedural point of view, the appeals in the *Translogic* cases represent the most judicious and efficient procedure for reconciling conflicting findings in the civil and administrative arenas. For the most part, however, separate proceedings will not end up on appeal at the Federal Circuit at the same time until the Federal Circuit

or district courts become more proactive in attempting to get such proceedings simultaneously to the Federal Circuit.

Federal Rule of Procedure 60(b): Relief from Judgment Motion

Although the Federal Circuit has not set forth a clear rule regarding the effects of a reexamination on a final court judgment, there is some case law regarding parties’ attempts to use Federal Rule of Civil Procedure 60(b) to obtain relief from a final judgment.

In *TDM America, LLC v. United States*,⁹² the plaintiff–patentee—not the defendant—argued in a Rule 60(b) motion for relief from judgment that the Court of Federal Claims should modify its construction of certain claim terms based upon examiner and patentee arguments made during reexamination proceedings. The Court of Federal Claims denied the patentee’s motion, but its discussion provided insight into a possibly successful future argument that a judgment should be reversed based on a post-judgment reexamination.

The plaintiff–patentee moved for relief from judgment under Rule 60(b)(2) or Rule 60(b)(6).⁹³ The patentee argued that under Rule 60(b)(2), the reexamination findings were “newly discovered evidence.”⁹⁴ The crux of the patentee’s argument was that the reexamination findings were new evidence that required modification of the court’s claim construction and subsequent summary judgment decision.⁹⁵ Although the court treated the reexamination proceedings as “newly discovered evidence,” it found that the “PTO’s final position [was] consistent with . . . the summary judgment ruling of non-infringement in favor of Defendant” and would not have altered the outcome of the case.⁹⁶

What is noteworthy about *TDM America* is that the court did not preclude Rule 60(b) as a possible avenue to obtain relief from a prior court judgment inconsistent with a subsequent reexamination decision. Further, the court specifically pointed out that the patentee had not shown anything in the PTO reexamination record that would cause a change in the summary judgment decision.⁹⁷ Thus, in the context of a PTO invalidity finding affirmed by the Federal Circuit, a party could argue that under the reasoning of *TDM America*, a prior court judgment of validity and infringement should be overturned.

While the Federal Circuit in *In Re Swanson* noted that “an attempt to re-open a final Federal Court judgment of infringement on the basis of a reexamination finding of invalidity might raise constitutional problems,”⁹⁸ it most recently disagreed with Judge Newman’s dissent in *In Re Construction Equipment Company* that “constitutional principles or the common-law doctrines of claim or issue preclusion would bar reexamination” after a final district court ruling of not invalid.⁹⁹ In summary, the issue of

whether a final invalidity finding on the administrative side (PTO) may be used to void a final judgment on the civil side is an issue that is ripe for consideration and currently has patent litigants unsure about the best strategy going forward.

Conclusion

The copending paths of patent reexamination and litigation are not parallel, but instead intersect and

have profound effects on one another at various stages throughout the process. Litigators and prosecution counsel alike must be keenly aware of what is happening in the courts and in the PTO to successfully represent their clients. Because much of the law surrounding these dual paths is still developing, litigators need to be prepared and to prepare their clients for multiple contingencies and uncertainties. It remains to be seen whether or not the new *inter partes* review will eliminate or mitigate some of these uncertainties.

1. The term "final decision," whether referring to a court or PTO decision, appears to mean "after all appeals are over." In re Laughlin Prods., Inc. 265 F. Supp. 2d 525, 528 n.4 (E.D. Pa. 2003) (stating that a reexamination proceeding is complete once appeal to the Federal Circuit is complete or the time for appeal has expired); US PTO, *Manual of Patent Examining Procedure (MPEP)* 2286 (8th ed. Aug. 2011) (for an ex parte reexamination, a "final holding of claim invalidity or unenforceability" by a Federal Court is "after all appeals"); *MPEP* 2686.04 (for an *inter partes* reexamination, a "final holding of claim invalidity or unenforceability" by a Federal Court is "after all appeals").
2. For definitional purposes, "subsequent litigation" is brought after a reexamination decision is final.
3. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1428 (Fed. Cir. 1988).
4. 35 U.S.C. § 315(c).
5. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 315; Bruce Wu & Stephen Maebius, "Examining AIA's High-Speed *Inter Partes* Review System," Nov. 15, 2011, available at <http://www.law360.com/ip/articles/284072/examining-aias-high-speed>.
6. Courts do not find claims "valid," but only "not invalid."
7. 35 U.S.C. § 317(b).
8. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1428-429 (Fed. Cir. 1988).
9. *MPEP* 2686.04.
10. *Id.* (citing *Ethicon v. Quigg*, 849 F.2d 1422 (Fed. Cir. 1988)).
11. *Callaway Golf Co. v. Acushnet Co.*, 576 F.3d 1331, 1342-1343 (Fed. Cir. 2009).
12. *Id.* at 1342.
13. See US PTO, *Official Gazette Notices*, 14 March 2006, Requests for *Inter Partes* Reexaminations Filed, C.N. 95/000,120; C.N. 95/000,121; C.N. 95/000,122; and C.N. 95/000,123.
14. Transcript of Proceedings at 50, Flo Healthcare Solutions, LLC v. Rioux Vision, Inc., No. 1:06-cv-02600-TWT (N.D. Ga. March 5, 2009) (No. 202).
15. *Id.* at 20-21.
16. *Id.* at 50.
17. *Id.* at 45. (This case settled before it actually went to trial.)
18. *Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, 763 F. Supp. 2d 671, 689, (D. Del. 2010).
19. Memorandum Order at 2, *Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, C.A. No. 04-1371-JJF, (D. Del. June 11, 2009) (No. 728).
20. *Presidio Components, Inc. v. American Technical Ceramics Corp.*, 2009 U.S. Dist. Lexis 106795, *6 (S.D. Cal. Nov. 13, 2009).
21. *Fresenius Medical Care Holdings, Inc. v. Baxter Int'l Inc.*, 2006 WL 1330003 at *4 (N.D. Cal. May 15, 2006).
22. See, e.g., *Hoechst Celanese Corp. v. BP Chems. Ltd.*, 78 F.3d 1575, 1584 (Fed. Cir. 1996) (request granted); *Amphenol T&M Antennas, Inc. v. Centurion Int'l Inc.*, No. 00-c-4298, 2002 WL 32373639, *2 (N.D. Ill. Jan. 17, 2002) (request granted); *Cordis Corp. v. Boston Scientific Corp.*, Civ. No. 03-27-SOR, 2010 U.S. Dist. Lexis 7197 (D. Del. Jan. 28, 2010); *Hochstein v. Microsoft Corp.*, No. 04-cv-73071, 2008 WL 3925282, *4 (E.D. Mich. Aug. 21, 2008) (request granted).
23. *Lucent Techs., Inc. v. Gateway, Inc.*, No. 07-cv-2000-H (Cab), 2007 WL 6955272, *6-7 (S.D. Cal. Oct. 30, 2007) (admitting evidence granting *ex parte* reexamination requests for purposes of a willful infringement summary judgment motion); *Safoco, Inc. v. Cameron Int'l Corp.*, No. H-05-0739, 2009 U.S. Dist. Lexis 66187 *17-21 (S.D. Tex. July 23, 2009) (admitting evidence granting of a reexamination request for determination of summary judgment on willfulness).
24. *Tesco Corp. v. Weatherford Int'l, Inc.*, 750 F. Supp. 2d 780, 793-795 (S.D. Tex. 2010).
25. *Id.* at 794.
26. *Akeena Solar, Inc. v. Zep Solar, Inc.*, No. C 09-05040-JSW, 2011 WL 2669453, at *2, (N.D. Cal. July 7, 2011) (quoting *Canady v. Erbe Elektromedizin GmbH*, 271 F. Supp. 2d 64, 74 (D.D.C. 2002)).
27. *Id.*
28. *Cross Atlantic Capital Partners, Inc. v. Facebook, Inc.*, C.A. No. 07-2768, 2010 WL 4751673, *1-2 (E.D. Pa. Nov. 22, 2010).
29. *Id.* at *2.
30. *Id.* After issuance of the RAN but prior to the examiner's answer to the appeal brief, the court had denied the plaintiff's motion to lift the stay.
31. *Id.*
32. *eSoft, Inc. v. Blue Coat Systems, Inc.*, 505 F. Supp. 2d 784, 786 (D. Colo. 2007). See also *Rohm and Haas Co. v. Brotech Corp.*, 24 U.S.P.Q. 2d 1369 (D. Del. 1992).
33. *MPEP* 2283; 2686.01.
34. *MPEP* 2686.04
35. *Id.*
36. *Id.*
37. *Id.*
38. In re *Translogic Tech., Inc.*, 504 F.3d 1249, 1251 (Fed. Cir. 2007); *Translogic Tech., Inc. v. Hitachi, Ltd.*, 250 Fed. Appx. 988 (Fed. Cir. 2007).
39. *Translogic, 504 F.3d at 1251*; See also *Tesco Corp. v. Weatherford Int'l Inc.*, 722 F. Supp. 2d 755 (S.D. Tex. 2010).
40. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-1427 (Fed. Cir. 1988); *Soverain Software LLC v. Amazon.com, Inc.*, 356 F. Supp. 2d 660, 662 (E.D. Tex. 2005).
41. See *Roblor Marketing Group, Inc. v. GPS Indus., Inc.*, 633 F. Supp. 2d 1341, 1344-1345 (S.D. Fla. 2008); *Premier Int'l. Assoc. LLC v. Hewlett-Packard Co.*, 54 F. Supp. 2d 717, 721-725 (E.D. Tex. 2008).
42. *Soverain Software LLC v. Amazon.com, Inc.*, 356 F. Supp. 2d 660, 662 (E.D. Tex. 2005).
43. *Cooper Tech. Co. v. Thomas & Betts Corp.*, No. 2:06-cv-242, 2008 U.S. Dist. Lexis 25938, *3 (E.D. Tex. March 31, 2008).
44. *Graymar Indus., Inc. v. Cincinnati Sub-Zero Prods., Inc.*, No. 08-cv-299S, 2009 WL 3162213, at *3 (W.D.N.Y. Sept. 28, 2009).
45. US PTO Reexamination Operations Statistics Fiscal Year 2011, Quarter Ending Sept. 30, 2011.
46. US PTO BPAI Performance Measures Fiscal Year 2011.
47. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 315; Bruce Wu & Stephen Maebius, "Examining AIA's High-Speed *Inter Partes* Review System," Nov. 15, 2011, available at <http://www.law360.com/ip/articles/284072/examining-aias-high-speed>.
48. *Id.*
49. *Id.*
50. *Sigram Schindler Bettelungsgesellschaft mbH*, 726 F. Supp. 2d 396, 416 (D. Del. 2010).
51. *Id.*
52. Only 11% of *inter partes* and 23% of *ex parte* reexaminations result in certificates being issued with all claims confirmed. US PTO *Inter Partes* and *Ex Parte* Reexamination Filing Data, Sept. 30, 2011.
53. Only 11% of *ex parte* and 44% of *inter partes* reexaminations result in all claims being cancelled. US PTO *Inter Partes* and *Ex Parte* Reexamination Filing Data, Sept. 30, 2011.
54. See *Revolution Eyeware, Inc. v. Aspex Eyeware, Inc.*, No. CV 02-01087-VAP, 2009 WL 2047635 (July 8, 2009, C.D. Cal.).
55. *Standard Havens Products, Inc. v. Gencor Industries, Inc.*, 996 F.2d 1236 (Fed. Cir. 1993).
56. *Id.*
57. *Id.*
58. *Fresenius USA, Inc. v. Baxter International, Inc.*, 582 F.3d 1288, 1305-1306 (Fed. Cir. 2009).
59. *Id.*
60. *Standard Havens Products, Inc. v. Gencor Industries, Inc.*, 953 F.2d 1360, 1366, n.2 (Fed. Cir. 1991).
61. *Id.*

62. 37 C.F.R. §§ 1.565 and 1.987.
63. *See, e.g.*, July 27, 2011, Decision Dismissing Petition in *inter partes* reexamination C.N. 95/000,418.
64. *See, e.g.*, US PTO, *Official Gazette Notices*, Aug. 20, 2003, Decision in *inter partes* reexamination C.N. 95/000,019; US PTO, *Official Gazette Notices*, Oct. 12, 2007 Decision in *inter partes* reexamination C.N. 95/000,231.
65. *See, e.g.*, US PTO, *Official Gazette Notices*, Feb. 8, 2008, Decision in *inter partes* reexamination C.N. 95/000,201.
66. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 315; Bruce Wu & Stephen Maebius, "Examining AIA's High-Speed *Inter Partes* Review System," Nov. 15, 2011, available at <http://www.law360.com/lpl/articles/284072/examining-aias-high-speed>.
67. *Id.*
68. *See* US PTO, *Official Gazette Notices*, reexamination C.N. 95/000,418 ('418 reexamination) and C.N. 95/000,407 ('407 reexamination).
69. US PTO, *Official Gazette Notices*, July 10, 2009, Decision Expunging Improper Paper at 3-4 in '407 reexamination.
70. *Id.*
71. US PTO, *Official Gazette Notices*, Sept. 14, 2009, Decision Expunging Improper Paper in '418 reexamination.
72. US PTO, *Official Gazette Notices*, May 6, 2010, Decision Dismissing Petition and *sua sponte* Expunging Improper Papers at 3.
73. US PTO, *Official Gazette Notices*, March 4, 2011, US PTO BPAI Decision on petition at 7 in '407 reexamination.
74. US PTO, *Official Gazette Notices*, Feb. 18, 2010, Petition to Request Corrected Office Action in the '418 reexamination; Feb. 25, 2011 Decision on Petitions at 3 in the '407 reexamination.
75. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1428 (Fed. Cir. 1988).
76. 35 U.S.C. § 317. The caveat is that a third-party requester could bring an *inter partes* reexamination over the same patent against if it is based on newly discovered prior art that was unavailable at the time of the proceedings. *Id.*
77. *Ethicon*, 849 F.2d at 1427.
78. *Standard Havens Prods., Inc. v. Gencor Indus., Inc.*, 996 F.2d 1236 (Fed. Cir. 1993) (unpublished).
79. *Id.*
80. *Id.*
81. 504 F.3d 1249 (Fed. Cir. 2007).
82. *Id.* at 1251.
83. *Id.*
84. *Id.*
85. *Id.*
86. *Id.*
87. *Id.*
88. *Id.*
89. *Id.*
90. *Id.* at 1262.
91. *Translogic Tech., Inc. v. Hitachi, Ltd.*, 250 Fed. Appx. 988 (Fed. Cir. 2007).
92. ___ Fed. Cl. ___, 2011 WL 3585001 (Fed. Cl. 2011).
93. Rule 60(b)(6) permits the Court to grant relief from judgment as a result of "newly discovered evidence" or for "any other reason that justifies relief." *Id.* at *6.
94. *TDM America*, 2011 WL 3585001, at *7.
95. *Id.*
96. *Id.* at *7-8.
97. *Id.* at *9.
98. *In Re Swanson*, 540 F.3d 1368, 1379, n.5 (Fed. Cir. 2008).
99. *In re Constr. Equip. Co.*, ___ F.3d ___, No. 2010-1507, 2011 WL 6092262, at *8 n.3 (Fed. Cir. Dec 8, 2011); Some commentators believe that the holding in *Troxel Mfg. Co. v. Shwinn Bicycle Co.* that a licensee cannot recover royalty payments made before the patent is declared invalid by a court also prevents a declared infringer from retroactively applying a reexamination finding to void a judgment of infringement. *Chisum on Patents* § 11.07[4][f][i], n.330 (discussing *Troxel Mfg. Co. v. Shwinn Bicycle Co.*, 465 F.2d 1253 (6th Cir. 1972)).

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