

LITIGATORS CORNER: Reexamination Tactics



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As I said in my July, 2009 column, “The New Tactics of Patent Defendants: They All Attended the Same Seminar,” reexaminations have become a popular tactic for defendants to use in patent infringement cases. Defendants see reexaminations as a way out of an infringement suit, or at least as a way of delaying a judgment. But there are some tactics a patent owner can employ, too. For instance, there are grounds to deny a stay. You can also seek conditions on any stay — conditions that can help insure that the result of a reexamination is fair to everyone, not just the defendant.

Don't agree with the nonsense spouted by defendants about how the granting of a request for reexamination is evidence that a patent is invalid or is likely to be found invalid. *Hoechst Celanese Corp. v. BP Chems. Ltd.*, 78 F.3d 1575, 1584 (Fed. Cir. 1996) says:

We take notice that the grant by the examiner of a request for reexamination is not probative of unpatentability. The grant of a request for reexamination, although surely evidence that the criterion for reexamination has been met (i.e., that a “substantial new question of patentability” has been raised, 35 U.S.C. §303), does

not establish a likelihood of patent invalidity. See *Acoustical Design, Inc. v. Control Elecs. Co.*, 932 F.2d 939, 942, 18 USPQ2d 1707, 1710 (Fed. Cir.) (“initial rejection by the Patent and Trademark Office of original claims that later were confirmed on reexamination hardly justifies a good faith belief in the invalidity of the claims”), *cert. denied*, 502 U.S. 863 (1991).

Watch out for games with statistics. Defendants often cite the Patent Office's statistics with regard to reexaminations. But they usually misinterpret those statistics. For example, in one of our cases, the defendant requested a reexamination of some of the asserted claims in our client's patent. In its motion for a stay, the defendant argued that the PTO's data proved that sixty-four percent of the claims being reexamined were amended. But the PTO data did not prove that; the data showed only that reexamination certificates with changes to an unspecified number of claims occurred in sixty-four percent of the reexaminations. The PTO's data does not address the number of claims that are amended. So, for instance, suppose that the PTO grants two reexaminations, one involving a patent with twenty claims, and the other, a patent with fifty claims. Now suppose that only one of the twenty-claim patent is amended, and only three of the fifty-claim patent are amended. One could say that one hundred percent of the reexaminations resulted in amendments, but that would not represent the number of claims that were actually amended. In fact, only three of seventy claims — 4.3 percent — were amended. The PTO data therefore shed no light at all on what percentage of claims, out of the total in the patent, or even the total submitted for reexamination, were amended. The argument made by the defendant in our case, that sixty-four percent of the claims were amended, was completely fallacious. Statistics, as I pointed out in my July column, are a way of producing unreliable facts from reliable figures. Don't fall for this argument.

If the defendant requests a reexamination and moves for a stay late in the lawsuit, you still have a chance to prevent the stay. Many of the suits where courts granted stays pending a reexamination were in the beginning stages. Cases to that effect are

Tap Pharm. Prods., Inc. v. Atrix Labs., Inc., No. 03 C 7822, 2004 WL 422697 (N.D. Ill. Mar. 4, 2004) (the motion for a stay was made two months after the case began); *Rockwood Pigments, NA, Inc. v. Interstate Materials, Inc.*, No. 02 C 2178, 2002 WL 1160170 (N.D. Ill. May 28, 2002) (the motion to stay was made about one month after the case began); *Panduit Corp. v. Chatsworth Prods., Inc.*, No. 04 C 4765, 2005 WL 577099 (N.D. Ill. Mar. 2, 2005) (the plaintiff and patent owner moved to stay pending a reissue application of the patent in suit four months after the case began); and *ArrivalStar S.S. v. Canadian Nat'l Railway Co.*, No. 08 C 1086, 2008 WL 2940807 (N.D. Ill. July 25, 2008) (the requestor sought reexamination immediately and moved for a stay when the suit was only two months old).

In one of our cases, the court denied a stay. *New Medium Tech. et al. v. Barco N.V. et al.*, No. 05 C 5620 (June 5, 2008, N.D. Ill. 2008) denied a motion to stay where a reexamination had been granted on a long pending case, even though no Markman hearing had even been conducted:

[A]ny insight that the PTO may possibly add to the interpretation of the claim is outweighed by the interests of fairness. The Court and the parties have devoted substantial resources to this litigation in the course of the greater than 32 months that it has been pending, and any further delay would serve to prejudice Plaintiffs. . . . In addition, the Court notes that Defendants' decision to wait until January 28, 2008 to seek a reexamination — despite having known of the referenced prior art long before this litigation commenced — suggests a dilatory motive. For these reasons, Defendants' motion for stay is denied.

Lectrolarm Custom Services, Inc. v. Vicon Industries, Inc., 2005 WL 2175436 (W.D.Tenn. Sept. 1, 2005) is to the same effect. It concluded:

The easier course for the court would be to stay the action. That, however, would reward the Defendants' unexplained, and seemingly unexplainable, delay in filing the reexamination request. As the court in *Enprotech Corp. v. Autotech Corp.*, 15 U.S.P.Q.2d 1319 (N.D.Ill. 1990) stated, “[w]e are too far along the road to justify halting the journey while the defendant explores an

alternate route. The motion to stay is denied.”

Again, there are more cases supporting denial of a stay where the motion was delayed: *Xerox Corp. v. 3COM Corp.*, 69 F.Supp. 2d 404, 407-08 (W.D.N.Y. 1999) (discovery substantially complete, delay of one or more years in the PTO was prejudicial, and defendant’s knowledge of references cited in reexamination suggested “dilatory, tactical motive”); *Gladish v. Tyco Toys, Inc.*, 1993 WL 625509 (E.D.Cal. Sept. 15, 1993) (stay denied in part because references were known to requestor); *Remington Arms Co., Inc. v. Modern Muzzleloading, Inc.*, 1998 WL 1037920, *3 (M.D.N.C. Dec. 17, 1998) (“The most compelling reason for denying the stay, however, is Defendant’s unjustified delay in requesting a second reexamination with the PTO. Although Defendant maintains that the newly found prior art, which forms the basis for its second reexamination petition, was just recently discovered, this court finds evidence to the contrary. The record indicates that Defendant was aware of the prior art as early as May 5, 1998, if not sooner, when Defendant deposed the inventor of the patent.”); and *Freeman v. Minnesota Mining & Manufacturing Co.*, 661 F.Supp. 886, 888 (D.Del. 1987) (“Moreover, 3M knew about all three of the documents on which its reexamination petition will be based no later than August 8, 1986. To allow 3M to now use the reexamination process to get this case stayed would be to allow a defendant to use the reexamination as a mere dilatory tactic.”)

Stays require a court’s discretion. A court can impose conditions. In *Landis v. North American Co.*, 299 U.S. 248, 254-55 (1936), Justice Cardozo wrote:

[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants. How this can best be done calls for the exercise of judgment, which must weigh competing interests and maintain an even balance. . . . True, the suppliant for a stay must make out a clear case of hardship or inequity in being required to go forward, if there is even a fair possibility that the stay for which he prays will work damage to some one else.

Should your court decide to grant a stay, ask for conditions on the stay. One argument by defendants who move for stays, accepted by many courts, is that reexami-

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nations simplify the litigation and reduce the workload on the court. Use their own argument against them: Ask that the defendants agree to be bound by the results of the reexamination, so that the court doesn’t have to reconsider prior art addressed by the Patent Office. One older case to that effect is *Emhart Industries, Inc. v. Sankyo Seiki Mfg. Co., Ltd.*, 1987 WL 6314 at *2, 3 U.S.P.Q.2d 1889 (N.D. Ill. 1987). That court agreed to stay an infringement suit, but only on the condition that the defendant would be bound by the result.

In another of our cases, one of three defendants moved for a stay during an *inter partes* reexamination. In this type of reexamination, the requesting party is bound by the result. See 35 U.S.C. § 315(c). We persuaded the court that the remaining defendants should not get a stay unless they agreed to be bound by the results of the reexamination. See the order entered in *Riparius Ventures LLC v. Skype Technologies, S.A.*, 07 C 812 (N.D.Ill. June 9, 2009). Another decision to the same effect is *Tesco Corp. v. Weatherford Int’l, Inc.*, 599 F.Supp.2d 848, 851, 853 (S.D. Tex. 2009) (*inter partes* reexamination would not simplify litigation where some of the parties to the suit were not parties to the reexamination and there-

fore would not be estopped from a second validity attack).

Seek another condition: Ask the court to force the defendants to hand over any patents and printed publications they have, so that the examiner considers those in any reexamination. Don’t let the defendants hide something to use later if the reexamination doesn’t turn out the way they like. We have been successful with this condition, either by the court ordering it or by the defendants’ acquiescence.

There are other conditions you should seek. In an *ex parte* reexamination, more than one request can be filed by the same party. Ask your court to bar multiple requests. Where there are multiple defendants, ask that they all be required to file any requests by a given date.

You cannot stop a reexamination once it is requested. Nor is the Patent Office likely to decline a request. The great majority of requests are granted, perhaps because, to paraphrase Chicago humorist, Finley Peter Dunne, speaking about the Supreme Court, “The [Patent Office] follows the election returns.” But you can make sound arguments to prevent a stay. You can also argue for conditions on any stay that will make the results of the reexamination help you, and not just the defendant. **IPT**