
Enhanced Patent Reexamination Procedures

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For the second time in three years, Congress has made substantial revisions to the laws governing the reexamination of issued U.S. patents. The changes are intended to make the reexamination procedure a more effective means for interested third parties to challenge the validity of issued patents, and a more attractive alternative to litigation. However, despite the changes, reexamination continues to allow only limited challenges to patent validity, and differs significantly from patent litigation.

Reexaminations provide a means for patent owners or third parties to request that the Patent Office reexamine patent claims in light of a "substantial new question of patentability" that casts doubt upon the validity of the issued claims.

Such new questions of patentability are limited to those arising from patents or printed publications filed or published before the priority date of patent. The substantial question cannot be based on other information that could otherwise be considered prior art, such as a public use or a commercial offer for sale of the invention more than a year before the filing date, or other grounds for invalidity, such as a failure to provide an adequate written description or failure to "enable" the invention.

Until the most recent change to the law, reexaminations required that the "new question" be based at least partly on "new" prior art, which had not previously been considered by the Patent Office.

When the reexamination procedure was created in the early 1980's, it was limited to a largely "ex parte" procedure conducted between the patent owner and the Patent Office. Even when the reexamination was requested by a third party, that third-party requester had no right to participate actively in the proceedings after the preliminary stages. Thus, although a third-party requester could review the written proceedings between a patent owner and the Patent Office, there was no opportunity to rebut the arguments of the patent owner or to submit additional evidence after the initial phase of the proceeding, except by filing a further request for reexamination, which would require another new question of patentability.

In 1999, the American Inventors Protection Act ("AIPA") created a new "inter partes" reexamination procedure as an optional alternative to the largely "ex parte" procedure. The inter partes procedure

is limited, however, to patents that issued from applications filed on or after November 29, 1999.

The new procedure affords third-party requesters much greater participation in patent reexaminations. A third-party requester in an inter partes proceeding can:

- provide written comments on each of the patent owner's written submissions to the Patent Office;
- present new arguments and submit new evidence in rebuttal if the patent owner raises new issues or presents new evidence; and
- appeal an adverse reexamination decision to the Patent Office's Board of Appeals (but, unlike the patent owner, under the AIPA the requester did not have the right to appeal an adverse decision to a federal court).

The inter partes procedure also has some drawbacks. The third-party requester is estopped from asserting invalidity in a later litigation on any ground raised or that could have been raised in the inter partes reexamination. The statute provides that the estoppel does not apply to newly discovered prior art, not available to the requester at the time of the reexamination.

In October, Congress passed new legislation, which further amends the reexamination laws. The new law provides that a substantial new question of patentability need not be based on "new" prior art for either ex parte or inter partes reexaminations. Rather, it can be predicated on prior art that was previously cited or considered by the Patent Office. Although this revision allows third parties to question the Patent Office's original determination of patentability without any need to identify new prior art, it is still necessary to raise a substantial new question of patentability.

The new law also provides a third-party requester of an inter partes reexamination with the right to appeal adverse Patent Office decisions to the Court of Appeals for the Federal Circuit, thereby putting patent owners and third-party requesters on more equal footing.

The cost of a reexamination proceeding to a third-party requester may be a small fraction of the cost of litigation. A reexamination may also provide for a quicker determination of the effects of the prior art. In addition, a third-party may request reexamination of a patent without engaging in any allegedly or potentially infringing commercial activity. This allows a company to test the validity of a patent's claims before expending substantial resources to develop a product or process that might later be found to infringe.

However, reexaminations have significant limitations:

- some issues of patentability that can be considered in litigation, such as the adequacy of a patent's written description, compliance with the "best mode" requirement, or bars arising from prior public use or commercialization cannot be considered in a reexamination;
- a reexamination is limited to considering documentary prior art (patents and printed publications);
- unlike court proceedings, reexamination does not allow for subpoenas, interrogatories, depositions, or live testimony and cross-examination of witnesses;
- an inter partes reexamination can create an "estoppel," preventing the requesting party

from raising arguments in litigation that could have been raised in the reexamination.

A reexamination that does not invalidate or significantly narrow the claims of a patent can leave the patent stronger than before. Thus, it should be used only in limited circumstances.