

Suggestions For Improving USPTO Re-Examinations

Law360, New York (March 09, 2010) -- The dramatic positive changes underway at the U.S. Patent and Trademark Office deserve praise. In the short time since David Kappos took office as Undersecretary of Commerce for Intellectual Property and Director of the USPTO in August of 2009, Mr. Kappos has moved rapidly to take a number of concrete steps to effectively address critical issues facing the USPTO.

Equally important is the manner in which he has embraced the input of the IP community in seeking to improve the operations of the USPTO. It is in this spirit that the present article addresses the subject of patent re-examinations.

Formation of the USPTO's Central Reexamination Unit (CRU), in 2005, no doubt has greatly contributed to increasing the viability of re-examination as a forum for challenging an issued patent on the basis of prior art patents and other printed publications raising substantial new patentability questions.

For such challenges, re-examination holds out a realistic potential for short-cutting, or even avoiding, costly litigation, to the benefit of both patent owners and patent challengers.

Yet there are ways that the USPTO could improve upon its current handling of re-examinations, especially ex parte re-examinations — within the existing statutory and regulatory regime.

The USPTO Should Carefully Consider and Address Representations or Determinations of Claim Scope From Related Litigation

"Broadest reasonable interpretation" is the standard of claim construction ordinarily applied during patent re-examination.[1]

More specifically, the terms of claims under re-exam are to be given their broadest reasonable interpretation consistent with the specification — the same standard applied during prosecution of a regular patent application. Under this standard, where both a narrow and broad interpretation are plausible, the broader generally will be adopted.

On the other hand, in patent infringement litigation, claim terms may be construed more narrowly based upon the ordinary and customary meaning understood by one of ordinary skill in the art in light of the specification and file history.[2]

Under this standard, in certain limited instances of ambiguity, a narrower interpretation that might preserve validity may be favored over a broader construction that would render the claim invalid.[3]

The principal reason cited for the different standards is that during re-examination, the patent holder has the opportunity to amend the claims to reflect a desired or intended narrowed scope, whereas in litigation there is no such opportunity.

Notwithstanding the different standards, court proceedings on claim construction (Markman proceedings) can carry probative value for construction of the claims during re-examination. It is thus appropriate for the USPTO to consider, during re-examination, evidence of claim construction positions and determinations generated in litigation.

Determinations by the court and positions asserted by the patent owner can be especially helpful — the former as judicial findings, and the latter, as patent owner positions/admissions. Where such evidence exists, a re-exam requester is well advised to consider submitting it with the request.

In the author's experience, however, it is often not clearly evident what weight or consideration the USPTO has given to such submissions. The author is unaware of any USPTO guideline to examiners in this regard. The development and implementation of such guidelines would be a positive step.

Such guidelines could provide for express treatment of claim construction determinations and positions from related litigation which are material to issues presented in the re-examination.

It may be appropriate for the USPTO to consider such court determinations and patent owner positions to place a limit on how narrowly a claim term ought to be construed in re-examination under the broadest reasonable interpretation standard.

Unless they are considered to be unreasonable, it is rational that such positions and determinations be considered to set a limit on how narrow the claims ought to be construed for re-examination purposes, under the broadest reasonable interpretation standard.

For example, if a patent owner has argued in litigation for a claim scope to support its infringement case, that argument ought to bear on what constitutes the broadest reasonable interpretation of the claim for re-examination purposes.

Unless the position is deemed to be unreasonable, it seems that it would make sense for the claim to be construed no narrower for re-examination purposes. Of course, the USPTO should disregard any litigation determination or position that it determines to be unreasonable.

On the other hand, such determinations and positions may also indicate limits on how broadly a claim under re-examination ought to be construed. The USPTO should consider any arguments made by a patent owner in litigation for a narrower claim scope to avoid invalidity and any relevant claim construction that has been adopted by a district court.

For example, even under the broadest reasonable interpretation standard, the USPTO ordinarily will adopt the definition of any term which is presented, expressly or by implication, in the specification.[4]

Otherwise, the broadest reasonable interpretation standard requires that a claim term be given its "plain meaning," i.e., the "ordinary and customary meaning ... that the term would have to a person of ordinary skill in the art,"[5] an inquiry which may be aided by evidence developed during litigation and any claim constructions adopted by a district court.

Careful USPTO consideration of litigation generated claim construction determinations and positions during re-examination would go along way toward prevention of improper treatment of patent claims “like a ‘nose of wax,’ [to] be twisted one way to avoid [unpatentability] and another to find infringement.”[6]

The First Re-Examination Office Action Should Address All Grounds Forming a Basis for a Grant of Re-Examination

A key strategic decision facing a re-examination requester is what (and how many) grounds to submit to show a substantial new question of patentability.

Ideally, if multiple bona-fide, statutorily qualified, substantial new questions of patentability are known, those would all make their way into a re-examination request and be fully vetted.

Following a grant of re-examination, the USPTO would make its initial determination of what grounds rendered claims unpatentable, and prosecution of the re-examination would proceed to conclusion on all of those grounds. The record would explain why any ground initially found to raise a substantial new question of patentability was later found to not render claims unpatentable.

In the author’s experience, the reality is frequently different. There seems to be a tendency for examiners in re-examination to pare down the grounds applied to reject claims, often without stating any substantive basis for doing so.

In cases where multiple grounds of unpatentability are raised in a re-examination request, and found by the USPTO to raise substantial new patentability questions, it is not uncommon for the examiner to apply only a subset of the grounds to reject claims and leave other grounds unaddressed.

Perhaps this is due to pressures placed on the examiners to move cases along more quickly (especially given the severe backlog of reexamination cases in some art areas).

In any event, the practice is problematic, since it leaves substantial new questions of patentability in limbo, never expressly approved or disapproved as grounds of unpatentability.

A failure of the USPTO to fully address all re-examination grounds has a related detrimental consequence. It gives reason to re-examination requesters to limit the number of grounds put into any one Request, even when the merits of the grounds dictate otherwise.

Although, strategically, this could be a wise move for a third-party re-examination requester, it can lead to multiple drawn out re-examination proceedings — and drawing the ire of patent holder plaintiffs.

From the perspective of a patent owner plaintiff in infringement litigation, the perception may be that the requester is intentionally seeking to draw out the proceedings and keep the subject patent(s) tied up in an endless series of re-examinations.

Existing USPTO re-examination guidelines provide that the first action should respond to the substance of each argument raised by the patent owner and requester.[7] Yet, this guideline has not been consistently followed. The re-examination process would be improved if it were.

The record thus created would go along way toward facilitating a proper interpretation and evaluation of the re-examination result. And, the likelihood of multiple drawn-out reexam proceedings would be reduced.

Ex parte Re-Examination Examiners Should Make Better Use of Well Prepared Re-Examination Requests, Once the Re-Examination is Underway (Re-Examination Request as Touchstone)

A third-party ex parte re-examination requester generally has just one shot at making arguments in support of the grounds of unpatentability. That comes with the filing of the re-examination request.[8]

The request is necessarily the focus of the USPTO's decision of whether to grant re-examination, based upon a determination that a substantial new question of patentability has been raised. It is frequently the case that the request document has guided the examiner with respect to the rationales applied to reject claims.

Of course, the examiner is free to adopt or reject positions asserted by the requester, based upon the examiner's own analyses and application of the law.

The continuing usefulness of the request document, beyond the determination to grant reexam and issuance of the first Office Action, will depend upon the content of the request. Sometimes it seems that examiners could make better use of the request document beyond the first Office Action.

From the author's perspective, a best practice in the preparation of a third-party ex parte re-exam request is to anticipate likely patent owner arguments and address those arguments up front in the request. Inclusion of strong alternative grounds of unpatentability, when available, is also advisable.

When so prepared, and when given the attention it deserves, the request document will remain useful to the examiner throughout the course of the re-examination, not just at the outset. A well-prepared re-examination request document ought to serve as a touchstone to which the examiner can repair, again and again, throughout the process.

Examiners Need to be Sensitive to the Potential Impact of Intervening Rights

Statutory intervening rights[9] preclude a patent owner from asserting a patent claim which has been substantively amended to alter its scope during re-examination, against alleged infringement activity that occurred before the re-examination certificate issued.

This has the practical result of eliminating any and all claims of past damages for alleged infringement of the amended claim(s). Thus, it should be no surprise that, more so than during regular prosecution of a patent application, patent owners are reluctant to amend original patent claims during re-examination.

In the face of a rejection over prior art, the patent owner is presented with a dilemma. Substantive amendment of the claims may not be considered a viable option, since this could potentially eliminate a claim for past damages against an alleged infringer.

The avenue left is to attempt to persuade the examiner that the original patent claim is patentable over the prior art without amendment. This may involve argument, implicit or explicit, for a claim construction that provides the distinction urged. The proffered construction may be the correct one, or it may not be.

USPTO adoption of an unduly narrow claim construction, which allows a claim to survive re-examination without amendment, could be highly detrimental to any current or prospective patent infringement defendant.

On the other hand, USPTO adoption of an unduly broad claim construction could be highly detrimental to a patent owner because any substantive claim amendment needed to overcome a rejection based on the construction would likely give rise to intervening rights.

It is thus especially critical that the claims be properly construed during re-examination (ordinarily under the broadest reasonable interpretation standard).

The substantial impact of intervening rights on the dynamics of many patent re-examinations, and the criticality of a proper claim construction in this respect, may not be fully appreciated by all re-examination examiners. It may thus be appropriate for the USPTO to further sensitize examiners with respect to this issue.

The USPTO Should Reduce Its Re-Examination Case Backlogs and Delays, Especially in the Case of Litigation Related Re-Examinations

The backlog of re-examinations, and as a result the delays incurred during the re-examination process, is a substantial problem that participants must be prepared to deal with. Director Kappos has made clear that the reduction of case backlogs and pendencies is one of his top priorities.

This author hopes that particular effort will be made to advance more rapidly those reexaminations involving patents involved in concurrent litigation proceedings.

Especially in those cases, time is of the essence, given the substantial resources expended on litigation that might be avoided on the basis of the outcome of re-examination.

Relatedly, in cases where a court has granted a stay pending conclusion of ongoing re-examination, at stake, for both patent owners and accused infringers, is a delay of justice.

The delays incurred in the re-examination process are, of course, a significant factor courts must consider in determining whether or not to grant a stay of litigation in favor of re-examination.

The greater the likely delay, the greater the likelihood of prejudice to the patent owner, and hence the less chance a stay of court proceedings will be granted.

Without a stay, litigation expense is incurred, and judicial resources are expended, that might prove to have been unwarranted in view of the ultimate re-examination result.[10]

--By Christopher L. McKee, Banner & Witcoff LTD.

Christopher McKee is a principal shareholder of Banner & Witcoff LTD. in the firm's Washington, D.C., office and a former patent examiner. Litigation-related patent re-examinations form a substantial part of his practice.

The article reflects the opinion of the author and should not be attributed to the firm Banner & Witcoff LTD., any of its clients, or Portfolio Media, publisher of Law360.

[1] In re Yamamoto, 740 F. 2d 1569, 1571 (Fed. Cir. 1984).

[2] Phillips v. AWH Corp., 415 F.3d 1303, 1311-17 (Fed. Cir. 2005) (en banc). The USPTO has applied this litigation standard in the special case of expired patents undergoing re-examination. See, e.g., MPEP § 2258.I.G.

[3] Phillips, 415 F.3d at 1327-28.

[4] See M.P.E.P. § 2111.01.IV.

[5] M.P.E.P. § 2111.01.I and III (defining “plain meaning” under broadest the reasonable interpretation standard).

[6] Amazon.com Inc. v. Barnesandnoble.com Inc., 239 F.3d 1343, 1351 (Fed. Cir. 2001), quoting, Sterner Lighting Inc. v. Allied Elec. Supply Inc., 431 F.2d 539, 544 (5th Cir. 1970).

[7] MPEP § 2262.

[8] A response by a third party requester to a patent owner statement regarding the grant of re-examination is permitted, if a patent owner statement is filed. 35 U.S.C. § 304. However, for this very reason, rarely will the patent owner file a statement.

[9] 35 USC §§ 252 and 307(b).

[10] Circuit Judge Pauline Newman’s concurrence in the recent decision Fresenius USA Inc. v. Baxter International Inc., 582 F.3d. 1288, 1304-06 (Fed. Cir. 2009) spotlights the impact of delays in the re-examination process on courts’ decisions on motions for a stay of litigation in favor of re-examination.