

Spring 2009

## Reexamination and Improving Patent Quality

Roger Shang

---

### Recommended Citation

Roger Shang, *Reexamination and Improving Patent Quality*, 7 Nw. J. TECH. & INTEL. PROP. 185 (2009).  
<https://scholarlycommons.law.northwestern.edu/njtip/vol7/iss2/3>

This Article is brought to you for free and open access by Northwestern Pritzker School of Law Scholarly Commons. It has been accepted for inclusion in Northwestern Journal of Technology and Intellectual Property by an authorized editor of Northwestern Pritzker School of Law Scholarly Commons.

N O R T H W E S T E R N  
JOURNAL OF TECHNOLOGY  
AND  
INTELLECTUAL PROPERTY

***Inter Partes* Reexamination and Improving Patent Quality**

*Roger Shang*



# *Inter Partes* Reexamination and Improving Patent Quality

By Roger Shang\*

¶1 The *inter partes* reexamination procedure was created by Congress in 1999 as a means to challenge dubious patents and to improve patent quality.<sup>1</sup> Since then, this procedure has gradually attained acceptance and even modest popularity as a mechanism to challenge a patent's validity.<sup>2</sup> In this article, I report my latest empirical study of *inter partes* reexamination proceedings. The results show that while the speed of resolving *inter partes* reexamination needs improvement, challengers using this mechanism have good chances to invalidate patents. I then introduce and examine a proposal to expand *inter partes* reexamination as an option available for all patents, not just patents filed on or after November 29, 1999 as under the current law.<sup>3</sup>

¶2 I present this article in the following structure. Part I introduces the historical development and the procedures for *ex parte* and *inter partes* reexamination. Part II describes my empirical study of reexamination proceedings. Part III examines a proposal for allowing *inter partes* reexamination for all patents, including retroactive reexamination of patents filed before November 29, 1999. Part IV invites debate on the above-mentioned proposal and concludes that *inter partes* reexamination has the potential to improve patent quality and restore confidence in the United States patent system.

## I. THE DEVELOPMENT AND PROCEDURES FOR REEXAMINATION

¶3 Reexamination is a procedure to have the U.S. Patent and Trademark Office (PTO) re-evaluate the validity of issued patents. Since a large number of issued patents are overbroad in claim scope and should not have been issued, reexamination is a critical procedure for canceling the wrongly-issued patents without resorting to the expense of litigation.<sup>4</sup> Reexamination comes in two forms: *ex parte* reexamination and its younger

---

\* Chief Patent and Technology Counsel at Alibaba Group, Hangzhou, China. J.D., New York University School of Law. The author previously practiced intellectual property law at Weil Gotshal & Manges, LLP and Knobbe Marten Olson & Bear, LLP. The opinions expressed in this article belong to the author only. He can be reached at roger.shang@alibaba-inc.com.

<sup>1</sup> See, e.g., Dale L. Carlson & Jason Crain, *Reexamination: A Viable Alternative to Patent Litigation?*, 3 YALE SYMP. L. & TECH. 2, 8 (2000); Sherry M. Knowles et al., *Inter Partes Patent Reexamination in the United States*, 86 J. PAT. & TRADEMARK OFF. SOC'Y 611, 613 (2004).

<sup>2</sup> The numbers of *inter partes* reexamination requests filed in fiscal years 2001 through 2007 are, respectively, 1, 4, 21, 27, 59, 70, and 126. 2005 U.S. PATENT & TRADEMARK OFFICE PERFORMANCE & ACCOUNTABILITY REP. 131 [hereinafter 2005 USPTO ANNUAL REPORT], available at <http://www.uspto.gov/web/offices/com/annual/2005/2005annualreport.pdf>; 2007 U.S. PATENT & TRADEMARK OFFICE PERFORMANCE & ACCOUNTABILITY REP. 121 [hereinafter 2007 USPTO ANNUAL REPORT], available at <http://www.uspto.gov/web/offices/com/annual/2007/2007annualreport.pdf>.

<sup>3</sup> See 37 C.F.R. § 1.913 (2008).

<sup>4</sup> See, e.g., Dale L. Carlson & Robert A. Migliorini, *Patent Reform at the Cross Roads: Experience in the Far East with Opposition Suggests an Alternative Approach for the United States*, 7 N.C. J.L. & TECH.

sibling, *inter partes* reexamination. As their names suggest, *ex parte* reexamination is essentially a proceeding between the patent owner and the PTO, with very little participation from the third party challenger.<sup>5</sup> *Inter partes* reexamination, on the other hand, is an adversarial proceeding with full participation by both patent owner and challenger.<sup>6</sup>

#### A. Ex Parte Reexamination

¶4 *Ex parte* reexamination was introduced by Congress in 1980 in the Reexamination Act.<sup>7</sup> By enacting the *ex parte* reexamination statute, Congress sought to “strengthen investor confidence in the certainty of patent rights by establishing a system of administrative reexamination of doubtful patents,” and “without recourse to expensive and lengthy infringement litigation.”<sup>8</sup>

¶5 A request for *ex parte* reexamination (known simply as “reexamination” until the introduction of *inter partes* reexamination) may be filed by any person, including the patent owner, a third party, or the Director of the PTO.<sup>9</sup> The request must be based on a comparison of the claims of the patent to prior art patents or printed publications.<sup>10</sup> Other grounds for invalidity, such as public use or sale of a product prior to filing for patent, are not considered in reexamination.<sup>11</sup>

¶6 Within three months from the filing of the request, the PTO decides whether the request raises a substantial new question of patentability for any claim of the patent.<sup>12</sup> If the PTO decides that a substantial new question of patentability is raised, the PTO grants the request and *ex parte* reexamination is initiated.<sup>13</sup> This “substantial new question of patentability” is raised where there is a substantial likelihood that a reasonable examiner would consider the prior art patent or printed publication important in deciding whether

---

261, 263–64 (2006); Joseph Farrell & Robert P. Merges, *Incentives to Challenge and Defend Patents: Why Litigation Won't Reliably Fix Patent Office Errors and Why Administrative Patent Review Might Help*, 19 BERKELEY TECH. L.J. 943, 944 (2004); Kristen Jakobsen Osenga, *Rethinking Reexamination Reform: Is It Time for Corrective Surgery, or Is It Time to Amputate?*, 14 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 217, 218 (2003).

<sup>5</sup> See 35 U.S.C. § 305 (2006).

<sup>6</sup> See 35 U.S.C. § 314 (2006).

<sup>7</sup> See, e.g., Knowles et al., *supra* note 1, at 611; see also Gerald J. Mossinghoff & Vivian S. Kuo, *Post-Grant Review of Patents: Enhancing the Quality of the Fuel of Interest*, 43 IDEA 83, 87 (2002).

<sup>8</sup> Kaufman v. Lantech, 807 F.2d 970, 976 (Fed. Cir. 1986) (citing H.R. REP. No. 96-1307, at 3–4 (1980)).

<sup>9</sup> 35 U.S.C. § 302 (2006).

<sup>10</sup> *Id.*; 35 U.S.C. § 301 (2006).

<sup>11</sup> 35 U.S.C. § 302; U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE § 2216 (8th ed., rev. 7 2008) [hereinafter MPEP], available at <http://www.uspto.gov/web/offices/pac/mpep/index.html> (listing subject matter areas).

<sup>12</sup> 35 U.S.C. § 303 (2006). For reexaminations ordered on or after November 2, 2002, the substantial new question of patentability may be based solely on a prior art reference previously cited or considered by the PTO. *Id.*; 21st Century Department of Justice Appropriations Authorization Act, Pub. L. No. 107-273, § 13105, 116 Stat. 1900 (codified as amended at 35 U.S.C. §§ 303(a), 312(a) (2006)); MPEP, *supra* note 11, § 2258.01.

<sup>13</sup> See 35 U.S.C. § 303.

or not the claim is patentable.<sup>14</sup> This standard is fairly easy to meet, and over 90% of *ex parte* reexamination requests filed in recent years were granted.<sup>15</sup>

¶17 Once the request for *ex parte* reexamination is granted, the patent owner may file a statement to argue for patentability, and the third party requester may file a response to counter the patent owner's statement.<sup>16</sup> After that, the third party requester can no longer participate in the reexamination process, and the proceeding is conducted using some of the same procedures for initial examination of original patent applications.<sup>17</sup> For example, the patent owner may conduct personal or telephone interviews with the examiner,<sup>18</sup> and may amend or add new claims.<sup>19</sup> However, the amended or new claims cannot broaden the original claim scope.<sup>20</sup> Claims are construed by the examiner using the broadest reasonable interpretation consistent with the specification and without a presumption of validity.<sup>21</sup> The patent owner may appeal an adverse decision of the examiner to the Board of Patent Appeals and Interferences (BPAI) and from the BPAI to the Federal Circuit, but the third party requester cannot appeal.<sup>22</sup>

¶18 After the time for appeal has expired or the appeal proceeding has terminated, the PTO issues a reexamination certificate to close the matter.<sup>23</sup> The certificate cancels claims that are rejected as unpatentable, confirms claims that are allowed as patentable, and lists amended or new claims that are allowed.<sup>24</sup> The reexamination proceedings, including appeals to BPAI, must be conducted "in special dispatch," i.e., in an expedited manner having priority over the normal proceedings.<sup>25</sup>

¶19 As the preceding description shows, *ex parte* reexamination provides very limited participation opportunities for a third party requester, and only at the beginning stage.<sup>26</sup> Once it files the initial request, the third party requester is typically excluded from the reexamination process. The only other opportunity for the third party requester to be heard is by responding to the patent owner's statement, which is also filed at the beginning of the reexamination process.<sup>27</sup> A smart patent owner, however, would

---

<sup>14</sup> MPEP, *supra* note 11, § 2242.

<sup>15</sup> See 2007 USPTO ANNUAL REPORT, *supra* note 2, at 121.

<sup>16</sup> 35 U.S.C. § 304 (2006); 37 C.F.R. § 1.530 (2008).

<sup>17</sup> 35 U.S.C. § 305 (2006).

<sup>18</sup> MPEP, *supra* note 11, § 2281.

<sup>19</sup> 35 U.S.C. § 305.

<sup>20</sup> *Id.*

<sup>21</sup> See *id.*; MPEP, *supra* note 11, § 2258 (explaining that claims of an expired patent, however, are construed narrowly).

<sup>22</sup> See 35 U.S.C. § 306 (2006).

<sup>23</sup> See 35 U.S.C. § 307 (2006).

<sup>24</sup> See *id.*; 37 C.F.R. § 1.570 (2008); MPEP, *supra* note 11, § 2288. For both *ex parte* and *inter partes* reexaminations, original claims are "confirmed" or "cancelled," while amended or new claims are "allowed" or "rejected." Confirmation-allowance and cancellation-rejection terms are used interchangeably in this article.

<sup>25</sup> 35 U.S.C. § 305 (2006); MPEP, *supra* note 11, § 2261.

<sup>26</sup> The requester can try to improve its participation by filing another *ex parte* reexamination request for the same patent in the midst of the first reexamination proceeding. As the same examiner may be assigned to both reexaminations, the requester can craft the second request to include arguments or references that it wishes the examiner to consider for the first proceeding. MPEP, *supra* note 11, § 2236. However, the PTO will grant the second request only if it raises a substantial new question of patentability that is *different* from the substantial new question of patentability raised by the first request. *Id.* § 2241.

<sup>27</sup> *Id.* § 2254.

normally forego the filing of the statement to prevent the third party response.<sup>28</sup> Not surprisingly, *ex parte* reexamination is considered unfavorable to third party challengers.<sup>29</sup>

¶10 Empirical data supports this conclusion. According to the PTO's data on the several thousand *ex parte* reexamination proceedings conducted from July 1981 through June 2007, 26% of the proceedings resulted in all claims confirmed, 10% resulted in all claims cancelled, and 64% resulted in claims amended and allowed.<sup>30</sup> Recently concluded *ex parte* proceedings have similar rates.<sup>31</sup> The difference in rates of 26% versus 10% means that claims are more than twice as likely to be confirmed than to be cancelled. And while the 64% rate of claims amended and allowed represents a "black box" of ambiguity, it is believed that such amended and allowed claims generally favor the patentee. It would be unwise for a patent owner to narrow claims to a scope that does not cover market products—such claims, even if distinguishable over prior art, would be useless to the patent owner. A rational patent owner would only alter claims to a scope that still covers market products, even if this means risking rejection over prior art. Such risk-taking is even more rational considering that the patent owner can negotiate with the PTO examiner, and appeal the examiner's adverse decision to the BPAI and the Federal Circuit, all without the third party challenger's participation.<sup>32</sup> Therefore, a large portion of the 64% of proceedings likely resulted in allowed claims that cover market products, i.e., claims that favor the patent owner.

### B. Inter Partes Reexamination

¶11 In 1999, facing criticism that the existing reexamination procedure unfairly favors patent owners, Congress passed the Optional *Inter Partes* Reexamination Procedure Act of 1999 as part of the American Inventors Protection Act of 1999.<sup>33</sup> This act created an *inter partes* reexamination procedure for patents filed on or after November 29, 1999. *Inter partes* reexamination is "optional" because a third party can request either *ex parte* or *inter partes* reexamination for patents filed on or after November 29, 1999.<sup>34</sup> For patents filed before this date, only *ex parte* reexamination is available.<sup>35</sup>

¶12 An *inter partes* proceeding starts with a request for *inter partes* examination, which may be filed by any third party.<sup>36</sup> Like a request for *ex parte* reexamination, an *inter partes* request must be based on a comparison of the patent claims to prior art patents or printed publications.<sup>37</sup> Other grounds of invalidity, such as public use or sale of a

<sup>28</sup> E.g., Michael L. Goldman & Alice Y. Choi, *The New Optional Inter Partes Reexamination Procedure and Its Strategic Use*, 28 AIPLA Q.J. 307, 313–14 (2000).

<sup>29</sup> See, e.g., *id.*; see also Carlson & Crain, *supra* note 1, at 7; Knowles et al., *supra* note 1, at 612; Mossinghoff & Kuo, *supra* note 7, at 90.

<sup>30</sup> L. Kryza, *Inter Partes Reexamination Filing Data* (June 30, 2007) (unpublished USPTO report circulated to practitioners, on file with author).

<sup>31</sup> See *id.* (explaining that *ex parte* reexamination proceedings completed in fiscal year 2006 resulted in 26% with all claims confirmed, 12% with all claims cancelled, and 62% with claim changes).

<sup>32</sup> See *supra* note 26 and accompanying text.

<sup>33</sup> Pub. L. No. 106-113, 113 Stat. 1536, 1501A-522 (1999); see Knowles et al., *supra* note 1, at 612.

<sup>34</sup> See 37 C.F.R. § 1.913 (2008); MPEP, *supra* note 11, § 2611.

<sup>35</sup> See MPEP, *supra* note 11, § 2611.

<sup>36</sup> See 35 U.S.C. § 311 (2006).

<sup>37</sup> See 35 U.S.C. §§ 301, 311 (2006).

product prior to filing for patent, are not considered in reexamination.<sup>38</sup> Unlike an *ex parte* request, an *inter partes* request must identify the real party in interest, not just the attorney representing the challenger.<sup>39</sup>

¶13 The PTO's determination process on the *inter partes* request is similar to that for an *ex parte* request. Within three months after the filing of an *inter partes* request, the PTO must decide whether the request has raised a substantial new question of patentability for any claim of the patent.<sup>40</sup> The request (and the rest of the reexamination proceeding) is typically assigned to an experienced primary examiner at the PTO who is familiar with the subject matter of the patent but did not originally examine the patent.<sup>41</sup> The requirement to assign a different examiner is intended to prevent potential bias.<sup>42</sup>

¶14 If a substantial new question of patentability is raised, the PTO grants the request and the *inter partes* reexamination proceeds.<sup>43</sup> Like *ex parte* reexamination, a substantial new question of patentability is raised where there is a "substantial likelihood that a reasonable examiner would consider the cited prior art patent or printed publication important in deciding whether or not the claim is patentable."<sup>44</sup> This standard is easy to meet, and over 90% of *inter partes* reexamination requests are granted.<sup>45</sup>

¶15 Once an *inter partes* reexamination request is granted, a PTO examiner will issue an initial Office Action to either allow or cancel the claims of the patent.<sup>46</sup> The initial Office Action is usually issued at the same time as the order granting the reexamination, and in any event, within two months from the mailing of the order.<sup>47</sup> As in *ex parte* reexamination, the patent claims are construed by the examiner using the broadest reasonable interpretation and without a presumption of validity.<sup>48</sup>

¶16 After receiving an Office Action, the patent owner may respond with arguments and may amend claims or add new claims without broadening the original claim scope.<sup>49</sup> Significantly, the third party requester can file written comments to the examiner to reply to every response by the patent owner.<sup>50</sup> This stands in sharp contrast with *ex parte* reexamination, which severely limits the third party requester's participation. Another key difference is the prohibition of interviews. Unlike *ex parte* reexamination, interviews on the merits with the examiner are prohibited in *inter partes* proceedings.<sup>51</sup>

---

<sup>38</sup> See MPEP, *supra* note 11, § 2617.

<sup>39</sup> See 35 U.S.C. § 311.

<sup>40</sup> 35 U.S.C. § 312 (2006). For reexaminations ordered on or after November 2, 2002, the substantial new question of patentability may be solely based on a prior art reference previously cited or considered by the PTO. See *id.*; 21st Century Department of Justice Appropriations Authorization Act, Pub. L. No. 107-273, § 13105, 116 Stat. 1900 (codified as amended at 35 U.S.C. §§ 303(a), 312(a) (2006)); MPEP, *supra* note 11, § 2642.

<sup>41</sup> See MPEP, *supra* note 11, § 2636.

<sup>42</sup> See generally Carlson & Crain, *supra* note 1, at 13.

<sup>43</sup> 35 U.S.C. § 312; MPEP, *supra* note 11, § 2642.

<sup>44</sup> MPEP, *supra* note 11, § 2642.

<sup>45</sup> 2007 USPTO ANNUAL REPORT, *supra* note 2, at 121 (reporting that in 2007, of 126 requests filed, 119 were granted).

<sup>46</sup> 35 U.S.C. § 313 (2006); 37 C.F.R. § 1.935 (2008).

<sup>47</sup> 37 C.F.R. § 1.935; MPEP, *supra* note 11, § 2660.

<sup>48</sup> MPEP, *supra* note 11, §§ 2258, 2658.

<sup>49</sup> 37 C.F.R. § 1.935.

<sup>50</sup> *Id.*

<sup>51</sup> 37 C.F.R. § 1.955 (2008); MPEP, *supra* note 11, § 2685.

¶17 After the examiner has received the parties' arguments and considered the issues more than once, the examiner issues an Action Closing Prosecution.<sup>52</sup> This term is a misnomer because it is not a final action completing the prosecution.<sup>53</sup> Instead, it is an Office Action that addresses all issues of patentability and gives the parties one final chance to persuade the examiner.<sup>54</sup>

¶18 After reviewing the parties' response to the Action Closing Prosecution, the examiner's final decision comes in the form of a Right of Appeal Notice.<sup>55</sup> This is essentially a Final Office Action that rejects or allows the claims and addresses the parties' arguments. This notice, as the name suggests, completes examination at the examiner level and allows the patent owner and/or the challenger to appeal to the BPAI, and potentially to the Federal Circuit.<sup>56, 57</sup>

¶19 After the time for appeal has expired or the appeal proceeding has terminated, the PTO issues a Notice of Intent to Issue Reexamination Certificate, which indicates the decision to issue a reexamination certificate.<sup>58</sup> The publication division at the PTO then formally issues a reexamination certificate to complete the proceeding.<sup>59</sup> The certificate cancels claims that are rejected as unpatentable, confirms claims that are allowed as patentable, and lists amended or new claims that are allowed.<sup>60</sup> The *inter partes* reexamination proceedings, including appeals to BPAI, must be conducted "in special dispatch," i.e., in an expedited manner having priority over the normal proceedings.<sup>61</sup> Reexaminations of patents involved in litigation are processed with even higher priority.<sup>62</sup>

¶20 A controversial provision of *inter partes* reexamination involves its estoppel effect. If the third party requester initiated an *inter partes* reexamination that resulted in the confirmation of a claim's patentability, then the requester is estopped from asserting at a later time in litigation that this claim is invalid on any ground that the requester raised or could have raised during the reexamination.<sup>63</sup> However, the requester may challenge the

---

<sup>52</sup> 37 C.F.R. § 1.949 (2008); MPEP, *supra* note 11, § 2671.02.

<sup>53</sup> MPEP, *supra* note 11, § 2671.02.

<sup>54</sup> See 37 C.F.R. § 1.951 (2008); MPEP, *supra* note 11, § 2671.02.

<sup>55</sup> 37 C.F.R. § 1.953 (2008); MPEP, *supra* note 11, § 2673.02.

<sup>56</sup> See 35 U.S.C. § 141 (2006); 37 C.F.R. § 1.953; MPEP, *supra* note 11, § 2673.02. Section 141, as amended by the American Inventor's Protection Act of 1999, did not allow the third party challenger to appeal to the Federal Circuit. Section 141 was again amended in 2002 to allow the challenger to appeal to the Federal Circuit for proceedings commenced on or after November 2, 2002. See Intellectual Property and High Technology Amendments Act of 2002, Pub. L. No. 107-273, 116 Stat. 1758 (codified as amended at 35 U.S.C. §§ 102(e), 374 (2006)).

<sup>57</sup> As a quality assurance mechanism and to counter the perception that a patent owner can unfairly influence the examiner assigned to the reexamination, the PTO conducts patentability review conferences before issuing office actions in either *ex parte* or *inter partes* reexamination. A patentability review conference is attended by three examiners, including the examiner assigned to the reexamination. At the conference, the examiners discuss the patentability issues and confirm or reject the preliminary decision of the examiner assigned to the reexamination. See MPEP, *supra* note 11, §§ 2271.01, 2671.03.

<sup>58</sup> See *id.* § 2687.

<sup>59</sup> 35 U.S.C. § 316 (2006); MPEP, *supra* note 11, § 2687.

<sup>60</sup> See 35 U.S.C. § 316; 37 C.F.R. § 1.997 (2008); MPEP, *supra* note 11, § 2688.

<sup>61</sup> See 35 U.S.C. § 314 (2006); MPEP, *supra* note 11, § 2661.

<sup>62</sup> See MPEP, *supra* note 11, § 2661.

<sup>63</sup> 35 U.S.C. § 315 (2006).

claim based on newly discovered prior art not available to the requester and the PTO at the time of the reexamination.<sup>64</sup>

## II. EMPIRICAL STUDY OF REEXAMINATION

¶21 I conducted an empirical study to answer three questions. First, how often are patents rejected as a result of *inter partes* reexamination, and how do *inter partes* rejection rates compare with those from *ex parte* proceedings? Second, how long does it take to complete *inter partes* and *ex parte* reexaminations? And third, when given the options of filing either an *ex parte* or *inter partes* request, i.e., when the patent in question was filed after November 29, 1999 and qualifies for both *ex parte* and *inter partes* reexamination, which option did challengers choose?

### A. Rejection Rates of Inter Partes Reexamination

¶22 In order to evaluate the rejection rates of *inter partes* reexamination, I reviewed the status of the first 220 *inter partes* reexamination requests ever filed, from 2001 through approximately January 2007.<sup>65</sup> These requests and associated prosecution papers are maintained by the PTO at its Patent Application Information Retrieval (PAIR) website.<sup>66</sup> A few of these requests were denied or vacated, but most of these requests were granted and pending in the prosecution stage.<sup>67</sup> Of the granted requests, 27 have been completed with the issuance of a reexamination certificate.<sup>68</sup>

¶23 In addition to these 27 completed proceedings, PTO examiners have issued final decisions in many more proceedings. In some of the proceedings, an examiner issued a Notice of Intent to Issue Reexamination Certificate.<sup>69</sup> As explained earlier in Part I, this means that the examination stage is closed, and the case is sent to the publication division for formal publication of the reexamination certificate.<sup>70</sup> Although this clerical processing stage may take several months, the issuance of the reexamination certificate is expected to be a mere formality, and the proceedings will then be formally closed.

¶24 In other proceedings, the examiner issued a Right of Appeal Notice.<sup>71</sup> As explained earlier in Part I, a Right of Appeal Notice is essentially a Final Office Action closing examination at the examiner level, and allowing the parties to appeal to the BPAI and potentially to the Federal Circuit.<sup>72</sup> Although the final results may change depending

---

<sup>64</sup> See *id.*

<sup>65</sup> They correspond to PTO Control Numbers 95/000,001 through 95/000,220. The status of these proceedings was last reviewed on May 31, 2008.

<sup>66</sup> See United States Patent & Trademark Office, PTO Patent Application Information Retrieval (PAIR) System, <http://portal.uspto.gov/external/portal/pair> (last visited Feb. 15, 2009).

<sup>67</sup> *Supra* Part II (noting that over 90% of *inter partes* reexamination requests were granted).

<sup>68</sup> See *infra* Appendix (proceedings listed as including “certificate issued” in “Office Papers & Issue Dates” column).

<sup>69</sup> See *infra* Appendix (some proceedings listed as including “notice of intent” in “Office Papers & Issue dates” column).

<sup>70</sup> See 35 U.S.C. § 316 (2006); MPEP, *supra* note 11, § 2687.

<sup>71</sup> See *infra* Appendix (some proceedings listed as including “right of appeal notice” in “Office Papers & Issue Dates” column).

<sup>72</sup> See *supra* note 56 and accompanying text.

on appeal, these proceedings at least allow me to study the final decisions of the examiners at the examination stage.

¶25 By combining the completed proceedings with the proceedings that have issued Notice of Intent to Issue Reexamination Certificates or Right of Appeal Notices, a data set of 82 *inter partes* reexamination proceedings where the examiners have issued final decisions is formed.<sup>73</sup> I term these “post-final office action proceedings.”<sup>74</sup>

¶26 Based on a review of the prosecution papers at the PTO PAIR website, these 82 post-final office action proceedings have the following composition:<sup>75</sup>

TABLE 1.

Result of Proceeding	Number of Proceedings & Percentage
All claims confirmed/allowed	12 (15%)
All claims cancelled/rejected	48 (59%)
Some claims confirmed/allowed and other claims cancelled/rejected	22 (26%)

The 59% all-cancellation rate is staggering when compared with the 10% all-cancellation rate of *ex parte* reexamination.<sup>76</sup> It is also higher than the litigation success rate of invalidity, which is believed to be less than 50%.<sup>77</sup> For the subset of 27 completed proceedings with issued certificates, the all-cancellation is even higher: 70%.<sup>78</sup> These high rejection rates are consistent with those I reported with Chaikovsky in an earlier study of the first 30 post-final office action proceedings.<sup>79</sup>

¶27 Since *inter partes* and *ex parte* reexaminations are both conducted by PTO examiners under the same standard of claim construction and patentability, why do *inter partes* reexaminations provide such a dramatic increase in the invalidity rates? As I explained with Chaikovsky in an earlier article, the answer lies in the challenger’s opportunity (or lack thereof) to communicate with the examiner and counter the patent owner’s arguments.<sup>80</sup>

¶28 For *ex parte* reexaminations, the third party requester is excluded from the proceeding after the beginning stage. From that point on, the examiner only receives

<sup>73</sup> See *infra* Appendix (listing of these 82 proceedings and detailed information).

<sup>74</sup> In an earlier empirical study conducted with Chaikovsky, I analyzed 30 post-final office action proceedings and found high rejection rates. See Roger Shang & Yar Chaikovsky, *Inter Partes Reexamination of Patents: An Empirical Evaluation*, 15 TEX. INTELL. PROP. L.J. 1, 13 (2006).

<sup>75</sup> Certain claims in some of the proceedings were amended or introduced as new claims, and then allowed or rejected. I considered these changed claims together with the original claims in calculating the confirmation/allowance and cancellation/rejection rates.

<sup>76</sup> See *supra* note 30 and accompanying text.

<sup>77</sup> See John R. Allison & Mark A. Lemley, *Empirical Evidence on the Validity of Litigated Patents*, 26 AIPLA Q. J. 185, 205 (1998) (reporting a 46% invalidity rate for litigated patents); Kimberly A. Moore, *Judges, Juries and Patent Cases—An Empirical Peek Inside the Black Box*, 99 MICH. L. REV. 365, 390 (2000) (reporting a 33% invalidity rate for trials).

<sup>78</sup> Of these 27 completed proceedings, 19 (70%) have all claims cancelled, 6 (22%) have some claims cancelled and other claims confirmed, and only 2 proceedings (8%) have all claims confirmed. See *infra* Appendix (proceedings listed as including “certificate issued” in “Office Papers & Issue Dates” column).

<sup>79</sup> Shang & Chaikovsky, *supra* note 74, at 11 (57% of proceedings with all claims cancelled, 20% of proceedings with all claims confirmed, and 23% of proceedings with some claims canceled and some claims confirmed).

<sup>80</sup> *Id.* at 12–13.

one-sided arguments from the patent owner.<sup>81</sup> Moreover, in *ex parte* proceedings, the patent owner's counsel can use telephone and personal interviews to try to influence the examiner.<sup>82</sup> The interview opportunity gives the attorney considerable freedom to negotiate with the examiner, to “test” various approaches, and to see how the examiner might respond to hypothetical amendments without leaving a paper trail.<sup>83</sup>

¶29 Contrast this with an *inter partes* reexamination. In an *inter partes* reexamination proceeding, no interview on the merits is allowed, and the third party requester has the same opportunities as the patent owner to make arguments to the examiner.<sup>84</sup> For every Response to Office Action or Amendment filed by the patent owner, the third party requester can counter with arguments against patentability.<sup>85</sup> With the patent owner and the challenger on equal footing in such an adversarial proceeding, it is no surprise that the challenger's success rate is much higher in *inter partes* reexaminations than *ex parte* reexaminations.

¶30 As stated earlier, the 59% all-cancellation rate for *inter partes* reexamination is higher than the invalidity rate in litigation. This rate is quite impressive, especially since certain grounds of invalidity such as the on-sale bar and public use can be raised in litigation but not for reexamination.<sup>86</sup> There are several possible reasons for the disparity in invalidity rates. First, the burden of proof is different. The PTO examiners re-examine patents without a presumption of validity.<sup>87</sup> In litigation, however, the challenger has the burden to overcome the presumption of validity by clear and convincing evidence.<sup>88</sup> Second, the examiners in charge of reexamination are experienced technologists, capable of finding inherent or obvious teachings in prior art references.<sup>89</sup> The judges and juries in litigation, on the other hand, may be intimidated by the technology involved and defer to the PTO's initial allowance of the patent as indication of validity.<sup>90</sup> Third, in a patent infringement trial, the defendant often prefers to make non-infringement arguments based on a narrow interpretation of patent claims, even though these arguments conflict with invalidity arguments based on a broad interpretation of claims.<sup>91</sup> As a result, the invalidity arguments are either eliminated or toned down by the defendant, or rejected by the judge and jury as inconsistent with the non-infringement argument.<sup>92</sup>

---

<sup>81</sup> See MPEP, *supra* note 11, § 2281; see also *supra* note 26.

<sup>82</sup> MPEP, *supra* note 11, § 2281(b).

<sup>83</sup> Only a very brief written summary of the interview is required. See MPEP, *supra* note 11, § 713.04 (“A verbatim or highly detailed description of the arguments is not required.”).

<sup>84</sup> 35 U.S.C. § 314 (2006); 37 C.F.R. § 1.955 (2008); MPEP, *supra* note 11, § 2685.

<sup>85</sup> 35 U.S.C. § 314.

<sup>86</sup> See MPEP, *supra* note 11, § 2617.

<sup>87</sup> See *id.* § 2658.

<sup>88</sup> 35 U.S.C. § 282 (2006); *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359 (Fed. Cir. 1984).

<sup>89</sup> MPEP, *supra* note 11, § 2636.

<sup>90</sup> See, e.g., Joel C. Johnson, *Lay Jurors in Patent Litigation: Revising the Active, Inquisitorial Model for Juror Participation*, 5 MINN. INTELL. PROP. REV. 339, 356–57 (2004).

<sup>91</sup> See Shang & Chaikovsky, *supra* note 74, at 25.

<sup>92</sup> See *id.*

### B. Pendency of Reexamination

¶31 While *inter partes* reexamination provides high success rates for challengers, one should be aware that a hard-fought *inter partes* reexamination between the patent owner and the challenger may take a long time to complete. It may take two, three or more years from filing an *inter partes* reexamination request to receiving a final office action.<sup>93</sup> For the post-final office action *inter partes* proceedings in this study, the average pendency from filing the reexamination request to receiving the right of appeal notice (i.e., the final office action) is 27.1 months, and the median pendency is 27 months.<sup>94</sup>

¶32 Completing an *inter partes* reexamination that results in the issuance of a reexamination certificate takes even longer. For the 27 *inter partes* proceedings that have terminated, the average pendency from filing the reexamination request to the issuance of the reexamination certificate is 33.2 months, and the median pendency is 32 months. In these 27 completed proceedings, none of the parties appealed to the BPAI or the Federal Circuit. A hard-fought proceeding that includes appeals should take even longer to complete. The pendency for the BPAI appeal, including the time for the parties to file appeal and reply briefs, may reach more than two years.<sup>95</sup> The typical pendency at the Federal Circuit is believed to be about one year, but can range from less than a year to two years.<sup>96</sup>

¶33 For *inter partes* proceedings where the BPAI did not completely agree with the examiner and entered new grounds of rejection, it's decision is not considered final, and the patent owner may request to reopen prosecution, thus further prolonging the process.<sup>97</sup> In three of the post-final office action proceedings, the BPAI issued decisions affirming the examiner in part, reversing the examiner in part, and entering new grounds of rejection.<sup>98</sup> In one of these three proceedings, prosecution has reopened at the examiner level, and the patent owner has proposed new amendments.<sup>99</sup> The patent owners in the other two proceedings defaulted by not responding to the BPAI's decisions within one month.<sup>100</sup>

---

<sup>93</sup> For proceedings that took more than three years from filing request to receiving right of appeal notice, see, e.g., PTO Control Numbers 95/000,002; 95/000,005; 95/000,007; 95/000,014; 95/000,020; 95/000,023; 95/000,025; 95/000,027; 95/000,034; 95/000,035; 95/000,044; 95/000,048, available at <http://portal.uspto.gov/external/portal/pair> (enter Control Numbers in appropriate field).

<sup>94</sup> See *infra* Appendix. A few of these 82 proceedings do not include "right of appeal notice" in the "Office Papers & Issue Dates" column and are not counted. These few proceedings did not receive final office actions, as the patent owner apparently defaulted by not responding to the earlier office action.

<sup>95</sup> See PTO Control Numbers 95/000,006 (36 months from right of appeal notice to BPAI decision); 95/000,009 (44 months from right of appeal notice to BPAI decision); 95/000,030 (29 months from right of appeal notice to BPAI decision), available at <http://portal.uspto.gov/external/portal/pair> (enter Control Numbers in appropriate field).

<sup>96</sup> Shang & Chaikovsky, *supra* note 74, at 17.

<sup>97</sup> See 37 C.F.R. § 41.77(b) (2008); MPEP, *supra* note 11, § 2682.

<sup>98</sup> *Inter partes* reexaminations with PTO Control Numbers 95/000,006; 95/000,009; and 95/000,030, available at <http://portal.uspto.gov/external/portal/pair> (enter Control Numbers in appropriate field).

<sup>99</sup> See PTO Control Number 95/000,006, available at <http://portal.uspto.gov/external/portal/pair> (enter Control Number in appropriate field; then access the "Image File Wrapper" folder; then follow the "Applicant Arguments/Remarks Made in an Amendment" from June 3, 2008).

<sup>100</sup> See 37 C.F.R. § 41.77(b); MPEP, *supra* note 11, § 2682; PTO Control Numbers 95/000,009 and 95/000,030, available at <http://portal.uspto.gov/external/portal/pair> (enter Control Numbers in appropriate field).

¶34 The pendency for *ex parte* reexamination is similar to that for *inter partes* reexamination. For *ex parte* reexaminations filed since January 2000, Dennis Crouch reported an average pendency of 33.5 months and a median pendency of 28.5 months from filing the request to issuing the reexamination certificate.<sup>101</sup> These numbers are comparable to the 33.2 months average pendency and the 32 months median pendency I found for completed *inter partes* reexaminations. Hal Wegner reported an average total pendency of 7.7 years for the 14 *ex parte* reexaminations that involved appeals to the Federal Circuit.<sup>102</sup>

¶35 Apparently in recognition of the delay, the PTO has increased the number of examiners dedicated to reexamination (both *ex parte* and *inter partes*) from twenty to more than fifty.<sup>103</sup> It is hoped that this increase in staffing will speed up the reexamination process, and better satisfy the Congressional mandate for conducting reexamination “with special dispatch.”<sup>104</sup>

### C. The Choice of Ex Parte or Inter Partes Reexamination

¶36 When *inter partes* reexamination was first introduced, some commentators were so alarmed over its estoppel provision that they declared it malpractice for attorneys to advise this option.<sup>105</sup> Despite this warning, *inter partes* reexamination has been steadily gaining popularity. The number of *inter partes* requests filed in the fiscal years 2003–2007 are respectively 21, 27, 59, 70, and 126.<sup>106</sup> Although part of the increase in filings may be due to the fact that only recently issued patents are eligible (i.e., many patents filed on or after November 29, 1999 have not issued by 2002 or 2003), the rising popularity of *inter partes* reexamination is undeniable. One important question, however, remains: How often do challengers choose *ex parte* reexamination even when the patents qualify for *inter partes* reexamination?

¶37 To answer this question, I analyzed *ex parte* and *inter partes* reexamination filing notices published by the patent office. I found that in calendar year 2007, 161 *ex parte* reexamination requests were filed by challengers targeting patents filed on or after November 29, 1999, i.e., patents that qualify for *inter partes* reexamination.<sup>107</sup> In the

<sup>101</sup> See Patently-O: *Ex Parte* Reexamination Statistics II, <http://www.patentlyo.com/patent/2008/06/ex-parte-reexam.html> (June 25, 2008).

<sup>102</sup> Harold C. Wegner, *Ex Parte Reexamination Pendency for Proceedings Involving a Federal Circuit Appeal* (Aug. 5, 2007) (unpublished research, on file with author) (listing 14 cases and corresponding pendency in months).

<sup>103</sup> See 2005 USPTO ANNUAL REPORT, *supra* note 2, at 5, 19; *USPTO Oversight Hearing Before the Subcomm. on Courts, the Internet, and Intell. Prop. of the H. Comm. on the Judiciary*, 110th Cong. (2008) (statement of Jon W. Dudas, Under Sec’y of Commerce for Intell. Prop. and Dir. of the U.S. Patent and Trademark Office), available at <http://judiciary.house.gov/hearings/pdf/Dudas080227.pdf>.

<sup>104</sup> See 35 U.S.C. §§ 305, 314 (2006); MPEP, *supra* note 11, §§ 2261, 2661.

<sup>105</sup> See, e.g., Joseph D. Cohen, *What’s Really Happening in Inter Partes Reexamination*, 87 J. PAT. & TRADEMARK OFF. SOC’Y 207, 207–08 (2005); Farrell & Merges, *supra* note 4, at 967; Knowles et al., *supra* note 1, at 627.

<sup>106</sup> See 2007 USPTO ANNUAL REPORT, *supra* note 2, at 121.

<sup>107</sup> This was based on reviewing “Request for *Ex Parte* Reexamination Filed” section of weekly Office Gazette editions published by USPTO, February 2007 through April 2008, and then determining the filing dates of the requested patents at the USPTO patent database. See U.S. PATENT & TRADEMARK OFFICE OFFICIAL GAZETTE, <http://www.uspto.gov/web/offices/com/sol/og/>; U.S. Patent & Trademark Office, *US Patent Full-Text Database Number Search*, <http://patft.uspto.gov/netahhtml/PTO/srchnum.htm>. The list of these 161 requests is on file with author.

same period, 132 *inter partes* reexamination requests were filed.<sup>108</sup> In other words, challengers in 2007 chose to file *ex parte* reexamination requests 55% (161 of 293) of the time, and *inter partes* reexamination requests 45% (132 of 293) of the time. As a comparison, challengers in a six-month period in 2004 chose *ex parte* reexamination 70% of the time and *inter partes* reexamination 30% of the time, according to a study by Joseph Cohen.<sup>109</sup> While *inter partes* reexamination has not overtaken *ex parte* reexamination in numbers, it is catching up to *ex parte* reexamination in terms of popularity.

¶38 Without interviewing every practitioner who filed these 161 and 132 reexamination requests, one cannot know for sure why each challenger chose *inter partes* or *ex parte* reexamination. However, we do know the benefits for each type of proceedings. *Ex parte* reexamination is far less expensive than *inter partes* reexamination,<sup>110</sup> and does not carry the estoppel threat. Moreover, a challenger may be able to file a series of *ex parte* reexamination requests based on different prior art references, so that it can use a new request to respond to the patent owner's arguments in the previous *ex parte* proceeding, effectively turning the *ex parte* proceedings into a form reminiscent of *inter partes* reexamination.<sup>111</sup> *Inter partes* reexamination has the benefit of full participation rights for the challenger and, as shown above, provides much higher success rates for the challenger. As more practitioners become aware of the higher rejection rates of *inter partes* reexamination, its popularity should continue to rise.

### III. EXPANDING *INTER PARTES* REEXAMINATION TO ALL PATENTS?

¶39 As explained earlier, while a hard-fought proceeding may take a long time to complete, *inter partes* reexamination can still be a good mechanism for challengers to invalidate patents. Unlike *ex parte* reexamination, *inter partes* procedures are not tilted toward patent owners. The equal-opportunity participation by both patent owner and challenger should lead to a fair resolution of patent validity.

¶40 *Inter partes* reexamination also includes procedural safeguards to protect patent owners: A patent owner has every opportunity to respond to the examiner and the challenger. In addition, the estoppel provision ensures that patent owners will not be subject to double jeopardy, because if the challenger failed to invalidate a patent claim in *inter partes* reexamination, then the challenger cannot attack the claim in later litigation on the same ground or on grounds it could have raised in reexamination.<sup>112</sup> Moreover, a

---

<sup>108</sup> This was based on reviewing "Request for *Inter Partes* Reexamination Filed" section of weekly Office Gazette editions published by USPTO, February 2007 through April 2008. See U.S. PATENT & TRADEMARK OFFICE OFFICIAL GAZETTE, *supra* note 107. The list of these 132 requests is on file with author.

<sup>109</sup> See Cohen, *supra* note 105, at 219.

<sup>110</sup> The attorney cost plus PTO filing fee for an *ex parte* reexamination is approximately \$15,000. The attorney cost plus PTO filing fee for an *inter partes* reexamination is approximately \$100,000. See American Intellectual Property Law Association, *AIPLA Report of the Economic Survey 2007*, I-82, I-110 (2007); 37 C.F.R. § 1.20(c) (2008).

<sup>111</sup> The PTO will accept additional *ex parte* reexamination requests if they raise substantial new questions of patentability (SNQ) that are different from the SNQ raised in the previous request. See MPEP, *supra* note 11, § 2640.

<sup>112</sup> See *supra* note 63 and accompanying text.

challenger is essentially allowed only one *inter partes* reexamination request on a patent: It cannot file multiple *inter partes* requests to prolong the reexamination process.<sup>113</sup>

¶41 These qualities of *inter partes* reexamination thus beg the question: Would it be desirable to make this mechanism available to all patents, and not just patents filed on or after November 29, 1999 as under the current law? Such an expansion was proposed by Fredrick Williams in 2004, and echoed by Dale Carlson and Robert Migliorini in 2006.<sup>114</sup> This expansion would allow challengers to use *inter partes* reexamination to challenge all patents, regardless of their filing date.<sup>115</sup>

¶42 As I demonstrated earlier through empirical data, when challenging recently issued patents that qualify for *inter partes* reexamination, challengers are nearly equally as likely to choose *inter partes* reexamination as *ex parte* reexamination. This suggests if the law is changed to allow *inter partes* reexamination on all patents, a significant number of challengers will file *inter partes* requests on older patents. I next address the following three issues: (1) Is such a retroactive application of *inter partes* reexamination to earlier patents constitutional? (2) Would such an expansion improve patent quality? (3) And finally, is such a proposal likely to be accepted by the relevant interest groups and Congress?

#### A. *Is Expansion of Inter Partes Reexamination Constitutional?*

¶43 As a threshold matter, this retroactive application of *inter partes* reexamination to earlier patents should be able to survive a constitutional challenge. This issue has been raised and settled in the *ex parte* reexamination context. Congress introduced *ex parte* reexamination on July 1, 1981, and allowed such reexamination on earlier existing patents. In response to two patent owners' separate constitutional challenges, the Federal Circuit held that the retroactive application of *ex parte* reexamination to earlier patents did not deprive patent owners of property in violation of the due process clause of the Fifth Amendment, because Congress acted rationally in attempting to restore public confidence in the validity of issued patents.<sup>116</sup> The Federal Circuit further held that Congress reasonably intended the reexamination measure to correct USPTO mistakes in the original examination of patents, and did not violate the jury trial guarantee of the Seventh Amendment or Article III of the Constitution.<sup>117</sup>

¶44 The same answer should apply to retroactive application of *inter partes* reexamination. The Congressional intent of restoring public confidence in the U.S. patent system and correcting USPTO mistakes in the original examination of patents should remain the same.<sup>118</sup> Moreover, the estoppel provision of *inter partes* reexamination gives patent owners extra protection against harassment by requesters. Although it is unclear why Congress limited *inter partes* reexamination to patents filed

<sup>113</sup> See 37 C.F.R. § 1.907 (2008); MPEP, *supra* note 11, § 2612.

<sup>114</sup> Carlson & Migliorini, *supra* note 4, at 311; Fredrick C. Williams, *Giving Inter Partes Patent Reexamination a Chance to Work*, 32 AIPLA Q.J. 265 (2004).

<sup>115</sup> Of course, if a challenger does not like this procedure, it can still choose *ex parte* reexamination or litigation.

<sup>116</sup> *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 601–604 (Fed. Cir. 1985); *see also* *Joy Tech. v. Manbeck*, 959 F.2d 226, 228–29 (Fed. Cir. 1992).

<sup>117</sup> *Mossinghoff*, 758 F.2d at 604–05.

<sup>118</sup> *See* Williams, *supra* note 114, at 287–88.

after November 29, 1999,<sup>119</sup> there is no constitutional obstacle to changing the law to allow retroactive application.

*B. Would Expansion of Inter Partes Reexamination Improve Patent Quality?*

¶45 Congress created *inter partes* reexamination in 1999 as a means to improve patent quality.<sup>120</sup> Nine years later, there is no consensus as to whether the procedure has reached or will reach this goal. Of course, if *inter partes* reexamination does not improve patent quality, then there is no point in expanding the procedure to all patents. To answer the patent quality questions, I first address the common criticisms directed at *inter partes* reexamination.

¶46 One recent criticism of *inter partes* reexamination is directed at its long pendency.<sup>121</sup> As described earlier, a hard-fought *inter partes* reexamination can take several years to complete. It appears that *inter partes* reexamination has become a victim of its own success: The rising popularity of filing such requests may have overwhelmed the examiners at the patent office. There should be a simple way to reduce the pendency: Have the patent office devote more examiners to reexamination. If one believes in *inter partes* reexamination as a means to focus on the important patents and to issue “gold-plated patents” that survive great scrutiny, then it is an efficient use of resources to switch more examiners from prosecution of normal patent applications to reexamination of the important patents.<sup>122</sup>

¶47 Another concern is that challengers may abuse the procedure by filing *inter partes* reexamination requests not to invalidate patents on the merits, but merely as a delay tactic, hoping that the reexamination will convince a court to stay patent infringement litigation launched against the challenger.<sup>123</sup> This concern may be real, but also exaggerated, for two reasons. First, filing for reexamination does not guarantee a stay of litigation, because judges have discretion to manage their own dockets and to grant or deny stay requests.<sup>124</sup> Second, a challenger can essentially file only one *inter partes* request, and become subject to estoppel.<sup>125</sup> This means that a challenger aiming for delays should file *ex parte* reexamination requests, since the challenger may be able to file multiple staggered requests and avoid the estoppel effect.<sup>126</sup>

---

<sup>119</sup> *Id.* at 280.

<sup>120</sup> See *supra* note 1 and accompanying text.

<sup>121</sup> See INSTITUTE FOR PROGRESS, REEXAMINING *INTER PARTES* REEXAM (2008) (on file with author); Wegner, *supra* note 102.

<sup>122</sup> See, e.g., Mark A. Lemley et al., *What to Do About Bad Patents*, REGULATION, Winter 2005-06, at 10, 10–13; Barack Obama & Joe Biden: The Change We Need – Technology, <http://origin.barackobama.com/issues/technology/> (last visited Jan. 30, 2009).

<sup>123</sup> See, e.g., Stuart Weinberg, *Worried About that Infringement Case? Ask for a Reexam*, DOW JONES NEWSWIRES, May 30, 2008.

<sup>124</sup> See, e.g., *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988) (stating that *inter partes* reexamination, because of its estoppel provision, presents a more compelling case than *ex parte* reexamination for granting stay); see also *EchoStar Tech. v. Tivo, Inc.*, No. 5:05 CV 81 DF, 2006 WL 2501494, at \*3 (E.D. Tex. Jul. 14, 2006); *Spa Syspatronic v. Verifone, Inc.*, No. 2:07-CV-416, 2008 WL 1886020, at \*2 (E.D. Tex. Apr. 25, 2008).

<sup>125</sup> See *supra* notes 63, 113 and accompanying text.

<sup>126</sup> See, e.g., DAVID M. O'DELL & DAVID L. MCCOMBS, *THE USE OF INTER PARTES AND EX PARTE REEXAMINATION IN PATENT LITIGATION* 9 (2006), available at <http://www.immagic.com/eLibrary/archives/general/genref/H060208O.pdf>.

¶48 Another criticism, which has remained since the creation of *inter partes* reexamination, is that the estoppel provision is too onerous and unfair to challengers.<sup>127</sup> Empirical data as reported in Part II, however, shows that challengers are increasingly choosing *inter partes* reexamination, despite the estoppel provision. In fact, even when challenging patents filed before November 29, 1999 that qualify only for *ex parte* reexamination, some of the most patent-savvy technology companies were willing to compromise and bind themselves to a version of estoppel: They were willing to stipulate to not make the same invalidity arguments at trial as they made in the *ex parte* reexamination requests, if their litigation stay requests were granted.<sup>128</sup>

¶49 Having addressed these criticisms, it appears that *inter partes* reexamination does have the potential for improving patent quality. If this is the case, then expanding *inter partes* reexamination to all patents, coupled with PTO action to reduce pendency, may be able to provide high-quality resolution of patent validity issues.

¶50 As explained earlier in Part I, reexamination proceedings have certain limitations. A reexamination proceeding (whether *ex parte* or *inter partes*) does not consider grounds of invalidity such as the on-sale bar or public use, and does not consider whether the original claims are supported by the disclosure of the patent specification under 35 U.S.C. § 112.<sup>129</sup> While there are reasons for further expanding the scope of reexamination to remove these limitations, or even adopting European-style post-grant opposition using a panel of three administrative judges and hearing live testimony, this Article limits its discussion to the modest proposal outlined earlier, for practical reasons. The simplicity of the proposal ensures that it is easy to implement: The procedure of *inter parte* reexamination is already well defined and practiced, and the only adjustment required for implementation is for the patent office to devote more examiners to handle the increase in *inter partes* reexamination filings. The increased examiner workload in handling *inter partes* requests would be offset by the decrease in *ex parte* requests, and courts would need to resolve fewer validity disputes.

### C. *Is Expansion of Inter Partes Reexamination Likely to be Accepted?*

¶51 No one can predict with certainty how a patent reform proposal would be received by Congress and the major interest groups. Nevertheless, the fate of the previous patent reform bill provides useful references. The previous patent reform bill, the Patent Reform Act of 2007 (“the Act”), is notable for its ambitiousness and comprehensiveness: It includes proposals to limit patent infringement damages, to restrict the choice of venue in filing suits, to introduce post-grant review using administrative judges, to change from a first-to-invent system to a first-to-file system, and many others.<sup>130</sup> Perhaps because of its ambitiousness, the Act has triggered strong opposition from many interest groups,

<sup>127</sup> See *supra* note 105 and accompanying text.

<sup>128</sup> See, e.g., *Premier Int'l v. Hewlett-Packard*, 544 F. Supp. 2d 717, 718–19 (E.D. Tex. 2008) (Defendants’ stay motions filed by Acer, Amazon, AT&T, Dell, Gateway, HP, Lenovo, LG, Microsoft, Motorola, Napster, Nokia, Realnetworks, Samsung, Sandisk, Sprint, Toshiba, Verizon Wireless, and Yahoo!); *Antor Media v. Nokia*, No. 2:05CV186, 2006 U.S. Dist. LEXIS 96777, at \*10–11, 21 (E.D. Tex. Sept. 27, 2006) (Defendants’ stay motion filed by Panasonic, Sharp Electronics and others).

<sup>129</sup> If the patent owner proposes new claims during the reexamination proceeding, then the examiner must consider whether these new claims are supported by the specification under section 112. MPEP, *supra* note 11, §§ 2258, 2658.

<sup>130</sup> See S. 1145, 110th Cong. § 2 (2007).

despite strong support from the computer industry.<sup>131</sup> For example, the Biotechnology Industry Association opposed the damages limiting and post-grant review proposals.<sup>132</sup> The Coalition for 21st Century Patent Reform opposed the damages limiting and venue limiting proposals, although with caveats.<sup>133</sup> The Innovation Alliance opposed the damages limiting proposal and the prior use rights proposal.<sup>134</sup> Because of such opposition, the Act stalled in Congress.<sup>135</sup> As of print time, an equally ambitious patent reform bill with the same provisions has been introduced into the 2009 Congress and should again face stiff opposition.<sup>136</sup>

¶52 Compared to the Act, a modest proposal to simply expand *inter partes* reexamination as an option for all patents, should be far less controversial. The Optional *Inter Partes* Reexamination Procedure Act of 1999 passed with great support, and has received few complaints from major interest groups ever since.<sup>137</sup> Expanding the *inter partes* procedure as an option for all patents, which are already subject to *ex parte* reexamination, seems unlikely to face major political opposition.

#### IV. CONCLUSION

¶53 *Inter partes* reexamination appears to be a good mechanism for challenging dubious patents, and should continue its rise in popularity as the public becomes aware of its benefits. A proposal of expanding *inter partes* reexamination to all patents deserves serious consideration from those interested in patent reform and improving patent quality. Such an expansion, coupled with a PTO commitment to increase examiner resources to improve the speed of reexamination, has the potential to improve patent quality and restore confidence in the United States patent system.

---

<sup>131</sup> See, e.g., Coalition for Patent Fairness, <http://www.patentfairness.org> (last visited Feb. 6, 2009) (members include Amazon.com, Apple, Cisco, Dell, Google, HP, Intel, Microsoft, SAP and others).

<sup>132</sup> See Biotechnology Industry Organization, <http://bio.org/ip/domestic/> (last visited Feb. 6, 2009) (the association has over 1,000 members in the biotechnology industry).

<sup>133</sup> See The Coalition for 21st Century Patent Reform, <http://www.patentsmatter.com> (last visited Feb. 6, 2009) (members include 3M, Caterpillar, GE, Procter & Gamble, Johnson & Johnson, and others).

<sup>134</sup> See Innovation Alliance, <http://www.innovationalliance.net> (last visited Feb. 6, 2009) (members include AmberWave Systems, Digimarc, Dolby Labs, LSI, Qualcomm, Tesera and others).

<sup>135</sup> See, e.g., Emily Berger & Richard Esguerra, *Patent Reform Act Stalls in the Senate*, ELECTRONIC FRONTIER FOUNDATION, May 2, 2008, <http://www.eff.org/deeplinks/2008/05/patent-reform-act-stalls-senate>.

<sup>136</sup> See, e.g., Stephanie Condon, *Controversial Provisions Remain in Patent Reform Bill*, CNET, Mar. 3, 2009, [http://news.cnet.com/8301-13578\\_3-10187240-38.html](http://news.cnet.com/8301-13578_3-10187240-38.html); Patently-O: Patent Reform Act of 2009, <http://www.patentlyo.com/patent/2009/03/patent-reform-act-of-2009.html> (Mar. 3, 2009).

<sup>137</sup> See, e.g., Kenneth L. Cage & Lawrence T. Cullen, *An Overview of Inter Partes Reexamination Procedures*, 85 J. PAT. & TRADEMARK OFF. SOC'Y 931, 955 (2003); Osenga, *supra* note 4, at 225.

## APPENDIX

*Inter Partes* Reexaminations from Control Nos. 95/000,001–220  
that Reached Final Office Action

TABLE 2.

PTO Control Number	Outcome	Request Filing Date	Office Papers & Issue Dates
95/000,001	all claims cancelled	7/01	11/03 (right of appeal notice) 3/04 (certificate issued)
95/000,002	all claims cancelled	12/01	2/05 (right of appeal notice) 7/05 (certificate issued)
95/000,004	all claims cancelled	6/02	12/02 (right of appeal notice) 9/03 (certificate issued)
95/000,005	all claims rejected	7/02	8/05 (right of appeal notice)
95/000,006	all claims rejected	12/02	3/04 (right of appeal notice) BPAI affirmed examiner in part; some rejections reversed; entered new ground of rejection; all remaining claims stay rejected; prosecution reopened.
95/000,007	all claims rejected	12/02	4/08 (right of appeal notice)
95/000,008	all claims rejected	12/02	9/05 (right of appeal notice)
95/000,009	all claims confirmed	1/03	7/03 (right of appeal notice) BPAI affirmed examiner in part; new ground of rejection entered for all claims; awaiting examiner action.
95/000,010	all claims rejected	3/03	10/05 (right of appeal notice)
95/000,012	all claims confirmed	5/03	2/06 (right of appeal notice)
95/000,013	some claims rejected other claims confirmed	5/03	2/06 (right of appeal notice) 6/07 (certificate issued)
95/000,014	some claims rejected other claims allowed	5/03	1/08 (right of appeal notice)
95/000,015	all claims rejected	5/03	9/05 (right of appeal notice)
95/000,016	all claims cancelled	5/03	10/07 (right of appeal notice) 3/08 (notice of intent) 5/08 (certificate issued)
95/000,017	some claims rejected another claim confirmed	5/03	9/05 (right of appeal notice)
95/000,018	all claims rejected	5/03	9/05 (right of appeal notice)
95/000,020	all claims rejected	5/03	12/06 (right of appeal notice)
95/000,023	some claims confirmed other claims rejected	7/03	11/06 (right of appeal notice) 4/08 (notice of intent)
95/000,024	some claims confirmed some claims rejected	7/03	10/05 (right of appeal notice) 3/08 (certificate issued)
95/000,025	all claims confirmed	8/03	1/07 (right of appeal notice)
95/000,026	all claims cancelled	9/03	9/05 (right of appeal notice) 4/06 (notice of intent) 9/06 (certificate issued)
95/000,027	all claims cancelled	10/03	9/07 (notice of intent) 12/07 (certificate issued)
95/000,028	all claims rejected	11/03	11/05 (right of appeal notice)

PTO Control Number	Outcome	Request Filing Date	Office Papers & Issue Dates
95/000,029	most claims cancelled one claim allowed	11/03	4/07 (right of appeal notice) 6/07 (notice of intent) 6/08 (certificate issued)
95/000,030	all claims rejected	12/03	9/05 (right of appeal notice) Board affirmed examiner in part and entered new ground of rejection; all remaining claims stay rejected
95/000,034	design patent claim rejected	2/04	11/07 (right of appeal notice)
95/000,035	most claims rejected other claims confirmed	2/04	6/07 (right of appeal notice)
95/000,037	all claims rejected	2/04	3/06 (notice of intent) 8/06 (certificate issued)
95/000,038	some claims rejected other claims confirmed	2/04	4/06 (right of appeal notice)
95/000,040	all claims cancelled	4/04	9/07 (right of appeal notice) 11/07 (notice of intent) 2/08 (certificate issued)
95/000,041	all claims rejected	5/04	1/06 (notice of intent) 5/07 (certificate issued)
95/000,043	all claims rejected	5/04	1/06 (right of appeal notice)
95/000,044	some claims confirmed other claims rejected	6/04	3/08 (right of appeal notice)
95/000,045	some claims rejected another claim confirmed	6/04	5/06 (right of appeal notice)
95/000,047	all claims confirmed	6/04	11/05 (right of appeal notice) 3/06 (notice of intent) 8/06 (certificate issued)
95/000,048	all claims rejected	8/04	2/08 (right of appeal notice)
95/000,053	some claims allowed other claims rejected	9/04	9/07 (right of appeal notice)
95/000,055	all claims rejected	10/04	7/06 (right of appeal notice) 3/08 (certificate issued)
95/000,056	all claims disclaimed	10/04	4/08 (certificate issued)
95/000,058	some claims allowed other claims rejected	10/04	9/07 (right of appeal notice)
95/000,059	all claims disclaimed	11/04	4/08 (certificate issued)
95/000,064	some claims rejected other claims confirmed	12/04	4/06 (right of appeal notice)
95/000,066	all claims rejected	12/04	11/06 (right of appeal notice) right of appeal notice is over 100 pages
95/000,068	all claims rejected	12/04	9/07 (right of appeal notice) right of appeal notice is over 100 pages long
95/000,069	all claims rejected	12/04	11/06 (right of appeal notice) right of appeal notice is over 100 pages
95/000,071	all claims rejected	1/05	9/07 (right of appeal notice)
95/000,072	all claims rejected	1/05	9/07 (right of appeal notice)
95/000,073	all claims rejected	1/05	7/07 (right of appeal notice)
95/000,075	all claims rejected	2/05	2/06 (right of appeal notice)
95/000,076	some claims confirmed other claims rejected	2/05	2/08 (right of appeal notice)

<b>PTO Control Number</b>	<b>Outcome</b>	<b>Request Filing Date</b>	<b>Office Papers &amp; Issue Dates</b>
95/000,077	some claims confirmed other claims rejected	2/05	2/08 (right of appeal notice)
95/000,084	one claim cancelled other claims allowed	3/05	3/08 (right of appeal notice)
95/000,085	all claims cancelled	3/05	8/07 (right of appeal notice) 2/08 (notice of intent) 5/08 (certificate issued)
95/000,087	all claims confirmed	4/05	3/06 (right of appeal notice)
95/000,095	all claims rejected	5/05	10/05 (notice of intent) 8/06 (certificate issued)
95/000,097	all claims confirmed	6/05	2/06 (right of appeal notice)
95/000,098	some claims confirmed other claims rejected	6/05	2/06 (right of appeal notice)
95/000,103	all claims confirmed	8/05	2/06 (right of appeal notice)
95/000,109	all claims amended and allowed	9/05	2/07 (right of appeal notice) 5/07 (notice of intent)
95/000,110	all claims rejected	9/05	3/08 (right of appeal notice)
95/000,111	some claims confirmed other claims cancelled	9/05	6/07 (right of appeal notice) 10/07 (notice of intent) 12/07 (certificate issued)
95/000,116	all claims confirmed	11/05	9/07 (right of appeal notice) 4/08 (notice of intent) 5/08 (certificate issued)
95/000,117	design patent claim cancelled	12/05	1/08 (certificate issued)
95/000,118	all claims rejected	1/06	4/08 (right of appeal notice)
95/000,131	all claims cancelled	2/06	8/07 (certificate issued)
95/000,132	some claims confirmed other claims cancelled	3/06	4/07 (right of appeal notice) 8/07 (notice of intent) 4/08 (certificate issued)
95/000,133	some claims confirmed other claims rejected	3/06	5/08 (right of appeal notice)
95/000,136	some claims confirmed other claims cancelled	3/06	5/08 (right of appeal notice)
95/000,138	all claims rejected	3/06	11/07 (right of appeal notice)
95/000,143	all claims rejected	4/06	1/08 (right of appeal notice)
95/000,146	all claims rejected	6/06	11/07 (right of appeal notice)
95/000,155	all claims rejected	9/06	4/08 (right of appeal notice)
95/000,160	all claims rejected	7/06	4/08 (right of appeal notice)
95/000,164	all claims rejected	10/06	4/08 (certificate issued)
95/000,168	all claims disclaimed	7/06	2/08 (notice of intent)
95/000,176	all claims rejected	9/06	9/07 (certificate issued)
95/000,189	all claims rejected	11/06	12/07 (right of appeal notice) 5/08 (notice of intent)
95/000,191	all claims confirmed	11/06	12/07 (right of appeal notice) 5/08 (notice of intent)
95/000,195	all claims confirmed	2/07	2/08 (right of appeal notice)
95/000,208	all claims cancelled	12/06	2/08 (certificate issued)
95/000,213	most claims cancelled others claims were not reexamined	1/07	5/08 (certificate issued)
95/000,219	all claims confirmed	3/07	1/08 (right of appeal notice)