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## **Cover Page Footnote**

She wishes to thank Jay Kesan for his guidance and comments on early drafts of this Article.

# Rethinking Reexamination Reform: Is It Time for Corrective Surgery, or Is It Time to Amputate?

Kristen Jakobsen Osenga\*

## INTRODUCTION

Patent law promotes technological change. Patents award a limited monopoly to an inventor for his or her useful, nonobvious invention—as well as for the time, energy, and money invested in its creation. When that activity results in a useful invention, a patent encourages further innovation as manufacturers and others invest time, energy, and money into producing the invention on a large scale and refining it for the consumer market. As they proceed, manufacturers can remain secure in the knowledge that a late-coming competitor cannot simply replicate their innovation and enter the market quickly and cheaply. In addition to inducing these productive behaviors, patents also disclose new technology to the public. This disclosure advances scientific progress and puts the world on notice by clearly defining boundaries around which competitors must design. As a result, efficiency flourishes.

Due to the important roles that patents play in society, the U.S. Patent and Trademark Office (“PTO”) is motivated only to issue valid patents. Invalid patents create problems including unnecessary duplicative research efforts, instability in business investing, and a decreasing number of technological advances made available to the public. Since courts defer to the expertise of

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the PTO, patents enjoy a presumption of validity in any lawsuit for infringement. For all of these reasons, inventors, investors, the public, and the judiciary must truly believe in the validity of patents.

In this time of rapid technological change, sources of knowledge have become increasingly decentralized. As a result, the PTO might approve a patent application and issue a patent, unaware of existing information that would render the patent invalid. Responding to this concern in an effort to improve confidence in the patent system, Congress enacted the first reexamination laws over twenty years ago to provide a mechanism to cure wrongfully issued patents. Since that time, it is doubtful Congress's hopes have been realized.

Reexamination was introduced as a mechanism for curing potentially invalid patents, as an antidote to the public's and the judiciary's lack of confidence in the PTO and the patent system in general. Instead of a curative fix, however, the reexamination provisions are more akin to a diseased or lame leg on the body of U.S. patent law. Reexamination fails to support the burden of public confidence it was intended to carry. It does not act in harmony with other limbs on the body of patent law or with other bodies of U.S. or foreign law. Over the years, Congress has repeatedly introduced legislation to perform corrective surgery by adding to or cosmetically altering the existing reexamination laws. Instead of merely seeking to correct the existing problem, a more sound course of treatment would be to amputate the current reexamination proceedings in total. Congress could then provide a prosthetic leg—an invalidation procedure that does not look anything like the old limb but provides the same function. Such a procedure may be awkward at first but will eventually become natural. This Article explores the necessity of amputation and proposes a workable, realistic prosthetic invalidation procedure.

Part I will describe the history of patent reform legislation leading up to the passage of the original reexamination proceedings and continuing through Congress's most recent attempt to correct some major reexamination deficiencies via the American Inventors Protection Act of 1999 ("AIPA"). Part II will discuss and compare the original reexamination provisions, now

known as “ex parte reexamination,” and the new provisions added in 1999, known as “inter partes reexamination.” Further, recent legislation to refine both reexamination provisions will be described. Part III will evaluate the shortcomings of both the ex parte and inter partes reexamination proceedings in light of theories and objectives of patent law. Part IV will consist of a comparative analysis of reexamination proceedings in the United States with the revocation and opposition proceedings that exist in Europe and Japan. Finally, Part V proposes a realistic recommendation that addresses these issues and considers justifications for this proposed system.

## I. CURING THE SPECTER OF INVALID PATENTS

### A. *Patents and Invalidity*<sup>1</sup>

Patents are granted for applications describing eligible subject matter that meet three threshold requirements of patentability and contain an adequate disclosure of the invention. Eligible subject matter includes “new and useful process[es], machine[s], manufacture[s], or composition[s] of matter.”<sup>2</sup> Court decisions have clarified this to include “anything under the sun . . . made by man”<sup>3</sup> and exclude only “laws of nature, physical phenomena, and abstract ideas.”<sup>4</sup> Once the subject matter is deemed eligible, the invention is then examined to determine if the gateway requirements of utility, novelty, and nonobviousness have been met.<sup>5</sup> The threshold of the utility requirement is quite low and only requires that the invention confer some identifiable benefit.<sup>6</sup> The novelty requirement comprises two prongs: (1) the invention

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<sup>1</sup> The following discussion about basic patent law is not comprehensive and serves only to provide a background for the remainder of this Article.

<sup>2</sup> 35 U.S.C. § 101 (2000).

<sup>3</sup> *Diamond v. Chakrabarty*, 447 U.S. 303, 309 n.6 (1980).

<sup>4</sup> *Id.* at 309.

<sup>5</sup> *See* 35 U.S.C. §§ 101–03.

<sup>6</sup> *See* *Envirotech Corp. v. Al George, Inc.*, 730 F.2d 753, 762 (Fed. Cir. 1984) (“[T]he fact that an invention has only limited utility and is only operable in certain applications is not grounds for finding lack of utility.”); *cf.* 35 U.S.C. § 101 (allowing patents to be issued for “any new and useful process” or “any new and useful improvement”).

must not be anticipated, (2) nor may it be statutorily barred.<sup>7</sup> To avoid anticipation, the invention must not have been described in another reference prior to invention by the applicant.<sup>8</sup> Further, if the invention was described, publicly used, or offered for sale more than one year prior to the date the patent application was filed, the applicant is statutorily barred from obtaining a patent.<sup>9</sup> To be deemed nonobvious, the invention must not be an obvious combination of prior inventions.<sup>10</sup> Finally, the application must sufficiently disclose the invention by providing enough detail to allow a person “ordinarily skilled in the art” to practice the invention without undue experimentation, as well as provide the best mode as it is known to the inventor.<sup>11</sup> Once the examiner is satisfied that the application meets the criteria, the patent is granted.

A granted patent gives the inventor (or more likely, the inventor’s assignee) the right to exclude others from making, using, or selling the invention for twenty years from the date that the patent application was filed.<sup>12</sup> In essence, a patent creates a limited, legal monopoly. While monopolies are generally disfavored as being against public policy, many economic and philosophical justifications have been raised to support patent protection.<sup>13</sup>

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<sup>7</sup> See 35 U.S.C. § 102.

<sup>8</sup> See 35 U.S.C. § 102(a). In the case of anticipation, the inventor may be able to prove invention prior to the date of the reference. See *id.* § 102(g). The purpose of this provision is to ensure that the true inventor receives the patent.

<sup>9</sup> See 35 U.S.C. § 102(b). The prior description in this provision must be in a printed publication. See *id.* If statutorily barred, the inventor is not permitted to prove prior invention. The purpose of this provision is to urge inventors to not sit on their rights. See, e.g., *LaBounty Mfg., Inc. v. United States Int’l Trade Comm’n*, 958 F.2d 1066, 1071 (Fed. Cir. 1992).

<sup>10</sup> See 35 U.S.C. § 103; see, e.g., *Graham v. John Deere Co.*, 383 U.S. 1, 25–27 (1966) (finding that the invention in question was not nonobvious because all of its elements were also found in a previous invention, and the different arrangement of those elements made no difference because “the mechanical operation [was] identical”).

<sup>11</sup> See 35 U.S.C. § 112; see, e.g., *White Consol. Indus., Inc. v. Vega Servo-Control, Inc.*, 713 F.2d 788, 790 (1983).

<sup>12</sup> See 35 U.S.C. § 271; 35 U.S.C. § 154(a)(2) (2003).

<sup>13</sup> Economic rationales advanced in support of the patent monopoly include incentive to create, incentive to innovate, incentive to disclose, and incentive to design around. For more information about economic justifications, see generally Rebecca S. Eisenberg,

Since before the mid-twentieth century, the patent system faced hostility and skepticism from the federal judiciary, in part due to the general antagonism toward monopolies.<sup>14</sup> Judges, unlike patent scholars who view the patent system through economic and philosophic rationales, were not entirely swayed by the justifications advanced in favor of the limited monopolies.<sup>15</sup> Further compounding the problem, the judiciary also had “a fundamental lack of trust in the competency of the PTO.”<sup>16</sup> For example, in *Jungerson v. Otsby & Barton Co.*, Justice Jackson noted in his dissent that “[i]t would not be difficult to cite many instances of patents that have been granted, improperly . . . without adequate tests of invention” by the PTO.<sup>17</sup> This observation, combined with judicial hostility, led Jackson to further conclude that “the only patent that is valid is one which this Court has not been able to get its hands on.”<sup>18</sup> Even the statutory presumption of validity,<sup>19</sup> codified in the 1952 Patent Act, did little to shield patent owners from judicial animosity.<sup>20</sup> It was this specter of patent invalidity in the eyes of the judiciary that led to the enactment of the first reexamination laws.<sup>21</sup>

### B. *A Brief History of the Original Reexamination Provisions*

Coming on the heels of the disapproval of patent monopolies and the misgivings about PTO competence that colored the first half of the twentieth century, the arrival of the duty of candor and

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*Patents and the Progress of Science: Exclusive Rights and Experimental Use*, 56 U. CHI. L. REV. 1017 (1989). Philosophical rationales include Locke’s labor dessert theory and the Hegellian personhood theory. For more details, see generally Justin Hughes, *The Philosophy of Intellectual Property*, 77 GEO. L.J. 287 (1988).

<sup>14</sup> See, e.g., *Mercoid Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 667 (1944) (characterizing patents as anti-competitive monopolies); *Great Atl. & Pac. Tea Co. v. Supermarket Equip.*, 340 U.S. 147, 152–53 (1950).

<sup>15</sup> See Mark D. Janis, *Rethinking Reexamination: Toward a Viable Administrative Revocation System for U.S. Patent Law*, 11 HARV. J.L. & TECH. 1, 9 (1997).

<sup>16</sup> *Id.*

<sup>17</sup> 335 U.S. 560, 572 (1949) (Jackson, J., dissenting).

<sup>18</sup> *Id.* (Jackson, J., dissenting).

<sup>19</sup> See 35 U.S.C. § 282 (2000) (“A patent shall be presumed valid.”).

<sup>20</sup> See Janis, *supra* note 15, at 11.

<sup>21</sup> *Cf. id.* at 12–15 (highlighting the reform proposals set forth in response to judicial hostility, including proposals for reexamination).

the inequitable conduct allegation in the early 1970s intensified the negative spotlight on patent validity.<sup>22</sup> With this in mind, a committee from the American Bar Association (“ABA”) began formulating a proposal for post-issuance reexamination in 1974.<sup>23</sup> From 1974 to 1980, several different bills concerning reexamination were introduced in the federal legislature.<sup>24</sup> Many of these bills were omnibus patent reform bills that sought to enact massive overhauls of the U.S. patent system, with reexamination being merely one portion therein.<sup>25</sup> A number of the proposals included a reexamination proceeding that looked very similar to opposition proceedings that exist in other countries.<sup>26</sup> Some proposals even contained provisions that resembled miniature trials.<sup>27</sup>

While these bills failed in Congress, the former PTO commissioner, C. Marshall Dann, sought to create a procedure within his powers, utilizing the reexamination concept.<sup>28</sup> In January 1977, Dann issued an order, popularly known as the “Dann amendments.” The order granted a patentee the right to file a reissue application to permit examination based on additional prior art and broadened public participation by allowing protests based on inequitable conduct and fraud.<sup>29</sup> While the judiciary

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<sup>22</sup> See Donald Quigg, *Post-Issuance Re-Examination: An Inventive Attempt at Reform*, NAT’L L.J., June 1, 1981, at 31. The allegation of “‘fraud on the patent office’ became an almost automatic pleading,” raising the costs of litigation and casting an unflattering light on the patent bar. *Id.*

<sup>23</sup> See *id.* The American Bar Association (“ABA”) proposal called for reexamination based on prior art, and included a filing fee that was high enough to cover the U.S. Patent Trademark Office’s (“PTO”) expenses for this second examination. See *id.* Foreshadowing things to come, the ABA proposal received endorsement from President Jimmy Carter’s 1978 Committee on Industrial Innovation. See *id.*

<sup>24</sup> See N. Thane Bauz, *Reanimating U.S. Patent Reexamination: Recommendations for Change Based upon a Comparative Study of German Law*, 27 CREIGHTON L. REV. 945, 947 (1994).

<sup>25</sup> See *id.*

<sup>26</sup> See Janis, *supra* note 15, at 16.

<sup>27</sup> See Quigg, *supra* note 22, at 31.

<sup>28</sup> See *id.*

<sup>29</sup> See *id.* It should be noted that two other avenues exist for third parties who become aware of the substance of a pending application and who have information critical to patentability—protest and public use proceedings. See Janis, *supra* note 15, at 16. If a third party becomes aware of the substance of a pending application and knows of prior art relevant to patentability, he or she may file a protest based on that prior art,



readily accepted this practice, causing the validity of patents to be strengthened in court, the Dann amendments turned the PTO into a small-scale courthouse.<sup>30</sup> The Dann amendments were finally abolished in 1982 when it was determined that the new reexamination procedure would make this process duplicative.<sup>31</sup>

Congress passed a bill in December 1980 incorporating the ABA concept and framework for reexamination.<sup>32</sup> On the floor of the House, Representative Robert Kastenmeier (D-Wis.) described the reexamination proposal as “an effort to reverse the current decline in U.S. productivity by strengthening the patent . . . system[] to improve investor confidence in new technology.”<sup>33</sup> Later, the Federal Circuit reiterated in *Patlex Corp. v. Mossinghoff*<sup>34</sup> that the main goal of the reexamination statute when enacted was to “cure defects in administrative agency action with regard to particular patents and to remedy perceived shortcomings in the system by which patents are issued.”<sup>35</sup>

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identifying the application and listing relevant patents and publications, as well as the relevance of each. *See* Rules of Practice in Patent Cases, 37 C.F.R. § 1.291 (2003). The protest, however, must be filed prior to the publication of the application. *See id.* The role of the third party “ends with the filing of the protest,” and the third party learns nothing of the outcome until the patent issues. *Id.* Protests are rarely filed. *See* Janis, *supra* note 15, at 16.

Public use proceedings are equally rare. *See id.* A third party who becomes aware of a patent application may file a petition informing the PTO of public use or on-sale activity occurring more than one year before the filing date of the application. *See* Rules of Practice in Patent Cases, 37 C.F.R. § 1.292 (2003). If the commissioner determines that the petition raises a reasonable question of statutory bar, he or she may designate an “appropriate official” to take testimony. *Id.*; *see also* MANUAL OF PATENT EXAMINING PROCEDURE § 720.04 (8th ed. 2001) [hereinafter MPEP]. Upon completion of the testimony, the examiner issues a non-reviewable decision. *See id.* § 720.03.

<sup>30</sup> *See* Quigg, *supra* note 22, at 31. Experienced examiners were pulled from already poorly-manned examining groups to handle these protests, leading to general inefficiency throughout the PTO. *See id.* Parties were often tied up in the PTO for an extended period of time, sometimes spending upwards of \$100,000 for a process that was supposed to be quick and economical. *See id.*

<sup>31</sup> *See* Janis, *supra* note 15, at 19.

<sup>32</sup> *See* Quigg, *supra* note 22, at 31–32.

<sup>33</sup> 126 CONG. REC. 29,895 (1980) (statement of Rep. Kastenmeier).

<sup>34</sup> 758 F.2d 594 (Fed. Cir. 1985).

<sup>35</sup> *Id.* at 603.

*C. Legislative Reform of the Reexamination Provisions*

Since the enactment of the reexamination proceedings in 1981, concerns emerged as to the statute's success in meeting the curative goal enunciated above. In fact, as early as 1981 commentators and scholars raised doubts about the success of reexamination.<sup>36</sup> Further, an additional goal for reexamination proceedings materialized in the interim—the reduction of patent litigation.<sup>37</sup> These concerns resulted in another flurry of proposed legislation.

Reexamination reform legislation was introduced every year from 1994 to 1997.<sup>38</sup> Notably, in 1997 an omnibus patent reform bill, House Bill 400, was introduced that addressed several key concerns in patent law.<sup>39</sup> House Bill 400 passed in April 1997 after surviving comprehensive hearings and amendments in the Subcommittee on the Courts and Intellectual Property, which is a subcommittee of the Committee on the Judiciary.<sup>40</sup> While the “Senate Committee on the Judiciary reported a substitute version of the bill,” Senate Bill 507, the full Senate took no action.<sup>41</sup> These bills varied greatly due to amendments adopted during floor consideration of House Bill 400.<sup>42</sup> The Senate bill amended the current reexamination proceeding to eliminate some of the disincentives of using reexamination instead of resorting to district court litigation to determine validity.<sup>43</sup> The House version subsequently deleted this entire provision.<sup>44</sup>

Not to be discouraged, reexamination reform was introduced yet again in 1999; the 106th Congress enacted the first successful reform legislation concerning reexamination since the proceedings

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<sup>36</sup> See, e.g., Kenneth R. Adamo, *Reexamination—To What Avail? An Overview*, 63 J. PAT. OFF. SOC'Y 616, 617 (1981).

<sup>37</sup> See Janis, *supra* note 15, at 40–41.

<sup>38</sup> See *id.* at 4 n.3.

<sup>39</sup> See H.R. REP. NO. 106-287, pt. 1, at 31 (1999).

<sup>40</sup> See *id.*

<sup>41</sup> *Id.*

<sup>42</sup> See *id.*

<sup>43</sup> See *id.* at 32.

<sup>44</sup> See *id.*

were inaugurated almost two decades ago.<sup>45</sup> The House of Representatives passed the AIPA in August 1999.<sup>46</sup> Though the passage of this bill was only the first step in the realization of patent reform, the fact that the strongest proponents of patent reform were able to gain the support of some of their most vocal opponents implied that this bill had a more optimistic future than the failed patent legislation noted above.<sup>47</sup> AIPA's stated purpose is to "provide enhanced protection for inventors and innovators, protect patent terms, [and] *reduce patent litigation . . .*"<sup>48</sup> With unusual speed, the Senate picked up the patent reform ball and ran with it. On November 17, 1999, Senate Bill 1948, which contained the essential provisions of House Bill 1907, was introduced in the Senate.<sup>49</sup> On November 19, 1999, the provisions of Senate Bill 1948 were incorporated by reference into House Bill 3194, an omnibus spending bill subsequently passed by both the House and the Senate.<sup>50</sup> On November 22, 1999, this bill was sent to President William Clinton,<sup>51</sup> who signed the measure into law on November 29, 1999.<sup>52</sup>

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<sup>45</sup> See H.R. 1907, 106th Cong. (1999). The bill was finally enacted as part of House Bill 3194, 106th Cong. (1999), incorporating by reference Senate Bill 1948, 106th Cong. (1999).

<sup>46</sup> See *id.*

<sup>47</sup> Representative Dana Rohrbacher (R-Calif.) was initially one of the most outspoken detractors of patent reform, fearing that it did not sufficiently protect the small inventor. See Victoria Slind-Flor, *Long-fought Patent Changes Arrive*, NAT'L L. J., Dec. 20, 1999, at B15. After compromises occurred at a meeting sponsored by the PTO, however, Rohrbacher became a co-sponsor of the bill in the House. See *id.*

<sup>48</sup> American Inventors Protection Act, H.R. 1907, 106th Cong. (1999) (emphasis added). Title I, as initially introduced in the House, protected inventors from unscrupulous inventor promotion services. See *id.* Title II provided a new defense against patent infringement for earlier inventors who did not patent their discovery. See *id.* Title III guaranteed a reasonable patent term by granting extensions for delays within the PTO. See *id.* Title IV harmonized the U.S. patent application system with other bodies of patent law by providing for pre-issue publication. See *id.* Title V altered the reexamination procedures. See *id.*

<sup>49</sup> See Intellectual Property and Communications Omnibus Reform Act of 1999, S. 1948, 106th Cong. (1999) (enacted).

<sup>50</sup> See Steven Moore & James Jakobsen, *The Rules Change Again: The American Inventors Protection Act of 1999*, INTELL. PROP. TODAY, June 2000, at 49 n.4.; see also H.R. 3195, 106th Cong. (1999).

<sup>51</sup> Cf. 106 BILL TRACKING H.R. 3194 (1999) ("Became Public Law . . . 11/22/99.").

<sup>52</sup> See American Inventors Protection Act of 1999, Pub. L. No. 106-113, 113 Stat. 1501 (1999).

## II. EX PARTE AND INTER PARTES REEXAMINATION

### A. *The Original Reexamination Provisions*

Before December 1999, sections 301 through 307 of the Patent Act governed all reexamination proceedings. Now called ex parte reexamination procedures,<sup>53</sup> these still-valid provisions allow “[a]ny person at any time,”<sup>54</sup> to request a reexamination by filing a written request in the PTO.<sup>55</sup> The written request must cite appropriate prior art and state how this art pertains to the claims under reexamination.<sup>56</sup> Appropriate prior art includes only patents and other printed publications.<sup>57</sup>

Within three months of the filing of a request, the Director of Patents and Trademarks must determine if the filing raises a “substantial new question of patentability.”<sup>58</sup> The Federal Circuit attempted to clarify this ambiguous standard, determining that a question successfully traversed<sup>59</sup> or one or more previously considered references<sup>60</sup> cannot form the basis for a substantial new

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<sup>53</sup> See 35 U.S.C. §§ 301–07 (2002).

<sup>54</sup> 35 U.S.C. § 301. Even though the language allows for a reexamination request at “any” time, this has been construed to be limited to the enforceable life of the patent, or the duration of the patent term plus six years. See MPEP, *supra* note 29, § 2211.

<sup>55</sup> See 35 U.S.C. § 302. The commissioner may also commence a reexamination on his or her own initiative although this rarely occurs. See Rules of Practice in Patent Cases, 37 C.F.R. § 1.520 (2003); MPEP, *supra* note 29, §§ 2212, 2239. In the first eight years that the reexamination proceedings were in effect, the commissioner initiated less than one percent of reexaminations. See *Standard Havens Prods. v. Gencor Indus.*, 897 F.2d 511, 514 n.2 (Fed. Cir. 1990).

In addition to the threshold requirement of a substantial new question of patentability, there must also be “compelling reasons” for the commissioner to order a reexamination, such as concern about a patent in a substantial area of industry. See Dugie Standeford, *PTO Orders Reexamination of Y2K Fix Patent*, LEGAL INTELLIGENCER, Jan. 7, 2000, at 4. Most recently, former commissioner Q. Todd Dickinson ordered a reexamination of a computer software patent claiming a method of fixing Y2K glitches after more than 700 cease-and-desist letters were sent by a patent holder to members of the software industry. See *id.*

<sup>56</sup> See 37 C.F.R. § 1.510(b)(2).

<sup>57</sup> See 35 U.S.C. § 301; *In re Etter*, 756 F.2d 852, 856 (Fed. Cir. 1985) (en banc); 37 C.F.R. § 1.510(a) (2002).

<sup>58</sup> See 35 U.S.C. § 303 (2000).

<sup>59</sup> See *In re Recreative Techs. Corp.*, 83 F.3d 1394, 1398 (Fed. Cir. 1996).

<sup>60</sup> See *In re Portola Packaging Inc.*, 110 F.3d 786, 791 (Fed. Cir. 1997). During the initial examination of the patent in this case, the examiner raised the issue of anticipation

question of patentability. Congress, however, has recently amended the standard such that a substantial new question may in fact be raised based on previously considered art.<sup>61</sup>

Though the standard for a substantial new question might be in flux, it is clear that only patents and printed publications may be cited in requesting a reexamination.<sup>62</sup> As a result, written requests may only raise patentability questions based on anticipation and obviousness. They may not raise any question requiring proof other than a patent or printed publication, such as prior use, eligible subject matter, on-sale bar, adequate disclosure, or inequitable conduct.<sup>63</sup> By limiting the evidence in a reexamination request to patents and other publications, Congress attempted to provide an inexpensive and quick method for challenging patent validity.<sup>64</sup>

If a new question of patentability is found, reexamination proceeds and the patent owner has a reasonable time to respond.<sup>65</sup> If the patent owner does respond, the party requesting the reexamination will then have the opportunity to reply to the

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by the Hunter patent and obviousness in light of the Faulstich patent combined with two other references. *See id.* at 787. The applicant successfully traversed these rejections, and the patent subsequently issued. *See id.* During reexamination, the examiner rejected claims as obvious based on the combination of Hunter and Faulstich. *See id.* The Federal Circuit determined that combining previously-considered references in a manner not considered during initial examination did not constitute a substantial new question of patentability. *See id.* at 791.

<sup>61</sup> *See* H.R. 2215, 107th Cong. (2001) (amending sections 303(a), ex parte reexamination, and 312(a), inter partes reexamination, of title 35 to include “[t]he existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the [PTO] or considered by the [PTO]”).

<sup>62</sup> A bill in the 107th Congress did attempt to expand the scope of inter partes examination to permit introduction of “undocumented” prior art. *See* Patent Reexamination Enhancement Act of 2001, H.R. 2231, 107th Cong. (2001); *infra* Part II.B. This bill died in the House.

<sup>63</sup> *See* 37 C.F.R. § 1.552(c) (2002); MPEP, *supra* note 29, §§ 2216, 2258.

<sup>64</sup> *See* *Quad Envtl. Tech. Corp. v. Union Sanitary Dist.*, 946 F.2d 870, 875 n.7 (Fed. Cir. 1991); H.R. REP. NO. 1307, 96th Cong., at 4 (1980).

<sup>65</sup> *See* 35 U.S.C. § 304 (2002). The reasonable period for response shall not be less than two months. *See id.* A response from the patent owner may include a statement as well as proposed amendments and new claims. *See id.* The patent owner, however, may not broaden the scope of the claims or add new matter. *See* 35 U.S.C. § 305 (2003); *Quantum Corp. v. Rodime, PLC*, 65 F.3d 1577, 1580 (Fed. Cir. 1995).

statement filed by the patent owner.<sup>66</sup> If the patent owner does not respond, a requester has no further right to participate in the action beyond the filing of a request.

After the time for response and reply has expired, the patent is examined in the same manner as initial examination of applications.<sup>67</sup> Claims subject to reexamination do not maintain the presumption of validity conferred on issued patents.<sup>68</sup> As they are in initial examination, the claims are given the broadest reading supported by the specification.<sup>69</sup> Because of these factors, the examiner is not bound by the “clear and convincing” evidence standard that applies in civil litigation when patent validity is challenged.<sup>70</sup> Reexamination proceeds in the same manner as examination—as an *ex parte* proceeding; thus, a third party requesting reexamination is not permitted to participate, although the requester is provided with copies of “Office actions” and responses throughout the reexamination proceedings.<sup>71</sup>

A patent owner may appeal adverse decisions that arise during reexamination through administrative and judicial avenues.<sup>72</sup> In addition to being prohibited from participating in the reexamination, a third-party requester cannot appeal the denial of a reexamination request nor can he or she seek review of the examiner’s decision upon reexamination.<sup>73</sup>

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<sup>66</sup> See 35 U.S.C. § 304 (2003). The requester shall also have two months in which to reply. *See id.*

<sup>67</sup> See 35 U.S.C. § 305 (2000).

<sup>68</sup> See *In re Etter*, 756 F.2d 852, 858 (Fed. Cir. 1985) (en banc). Because reexamination functions to provide a mechanism for invalidating wrongfully issued patents, it would be contrary to this purpose to presume validity. *See id.* at 857. Further, reexamination should be viewed as distinct from litigation. *See id.*

<sup>69</sup> *See id.* at 858.

<sup>70</sup> See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (stating that the preponderance of the evidence is the standard during reexamination).

<sup>71</sup> See 37 C.F.R. § 1.550(g) (2002).

<sup>72</sup> See 35 U.S.C. § 306 (2000). The owner may appeal an examiner’s decision to the Board of Patent Appeals and Interferences (“BPAI”). *See* 35 U.S.C. § 134 (2003). From the BPAI, the patent owner may appeal to the Court of Appeals for the Federal Circuit or may file a civil action in the District Court for the District of Columbia. *See* 25 U.S.C. § 141 (2003).

<sup>73</sup> See 35 U.S.C. §§ 303(c), 306 (2002). The third-party requester may seek reconsideration from the Commissioner upon denial of a reexamination request. *See* 37 C.F.R. § 1.515(c) (2002).

*B. Inter Partes Reexamination Proceedings*

The AIPA created an alternative reexamination mechanism, grafted onto the existing law while leaving the original reexamination procedure in place.<sup>74</sup> Chapter 31 of the act, which forms the basis for the alternative mechanism, provides that “[a]ny third-party requester at any time may file a request for inter partes reexamination” by following the procedures and limitations of § 301,<sup>75</sup> including being limited to prior-art objections based on patents or printed publications.<sup>76</sup>

With respect to the actual filing of a request for reexamination, the only difference between ex parte reexamination and inter partes reexamination is that, in inter partes reexamination, the real party in interest must be identified.<sup>77</sup> An ex parte reexamination request, on the other hand, may be filed in the name of “any person,” including “attorneys representing a principal whose identity is not disclosed to the PTO.”<sup>78</sup> In both inter partes and ex parte reexamination, following a request, the director makes a determination whether a “substantial new question of patentability” has been raised.<sup>79</sup> If a substantial new question is found, inter partes reexamination proceedings are conducted much the same as ex parte reexamination, and the proceedings comport with initial examination under 35 U.S.C. §§ 132–33, except for the allowance of participation by the third-party requester.<sup>80</sup>

By utilizing the inter partes reexamination proceedings, the third-party requester obtains “one opportunity to file written comments addressing issues raised by the action of the Office or the patent owner’s response thereto,” so long as filed in a timely

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<sup>74</sup> For details regarding ex parte reexamination, see *supra* Part II.A.

<sup>75</sup> See 35 U.S.C. § 311 (2003).

<sup>76</sup> See 35 U.S.C. § 301. For a further description of § 301 and the other ex parte reexamination procedures, see *supra* Part II.A.

<sup>77</sup> See 35 U.S.C. § 311.

<sup>78</sup> *Syntex Inc. v. United States Patent and Trademark Office*, 882 F.2d 1570, 1573 (Fed. Cir. 1989).

<sup>79</sup> See 35 U.S.C. §§ 303, 312.

<sup>80</sup> See 35 U.S.C. §§ 313–14 (2002). One such similarity to ex parte reexamination is the prohibition on the patent owner from making amendments that effectively enlarge the scope of the claim. See *id.* § 314. In particular, § 132 provides for reexamination.

manner.<sup>81</sup> Also, the inter partes reexamination proceedings promote the ability of the third-party requester to appeal, providing appeal from an unfavorable decision in reexamination to the Board of Patent Appeals and Interferences.<sup>82</sup> As originally enacted, inter partes reexamination limited the third-party requester's appellate avenues, even while providing greater appeal rights than for ex parte reexamination. Congress has recently remedied this shortcoming by providing the same appellate avenues to both the patentee and the third-party requester in an inter partes reexamination, applicable to any reexamination requests filed on or after November 29, 2002.<sup>83</sup>

The increase in opportunities for participation by the third-party requester, however, comes at a price. A third-party requester is estopped from later questioning in litigation the validity of any claim deemed valid during reexamination if the grounds for the invalidity challenge were raised or could have been raised during the reexamination proceedings.<sup>84</sup> More threatening, however, is the provision wherein a third-party requester is also estopped from challenging any finding of fact made during the reexamination proceedings, unless the fact is later proven erroneous based on evidence that was unavailable at the time of reexamination.<sup>85</sup>

### III. THE DIAGNOSIS

The reexamination system, even as modified by the addition of inter partes reexamination and subsequent refinements, does not accomplish the lofty goal, as intended by its authors and supporters, of providing greater confidence in patent validity, nor does it realize the later-voiced goal of reducing patent litigation.

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<sup>81</sup> 35 U.S.C. § 314.

<sup>82</sup> *See id.*

<sup>83</sup> *See* 35 U.S.C. § 315.

<sup>84</sup> *See id.* The third-party requester is not prevented from asserting invalidity based on newly discovered prior art that was not available to the requester or the PTO at the time of the reexamination. *See id.*

<sup>85</sup> *See* S. 1948, 106th Cong. § 4607 (1999). This section has not yet been codified. In fact, Congress was unsure of the validity of this section when the law was passed and added a statement of severability at the end of this provision to ensure the continued validity of the remainder of the legislation. *See id.*



Coupled with the failure of the reexamination system itself, patent invalidity is again becoming a great concern as the knowledge, which serves as prior art, is increasingly decentralized.<sup>86</sup> Technology is growing and changing rapidly, further diminishing the probability that the PTO can maintain a solid grasp on all areas of art. Patents are thus being granted that should have been rejected, and confidence in the patent system is suffering.<sup>87</sup>

Reexamination, in large part due to its failings, is not used as frequently as Congress had expected.<sup>88</sup> Because it is not often used, reexamination also does not fulfill the goal of reducing patent litigation. Third parties are much more likely to wait for litigation than to run back to the PTO.<sup>89</sup> Litigation, however, is not an efficient way to deal with patent validity, due to cost in dollars and time, and the lack of scientific and technical expertise of federal judges.<sup>90</sup> Additionally, in this age of global economy, the litigation scenario makes obtaining a U.S. patent less desirable to foreign patentees, as foreign patentees may be unfamiliar with the U.S. justice system or may be wary of actual or imagined bias against foreigners.

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<sup>86</sup> Cf. *In re Portola Packaging, Inc.*, 110 F.3d 786, 789 (Fed. Cir. 1997) (noting Congress' recognition that "holdings of patent invalidity by courts were mostly based on prior art that was not before the PTO").

<sup>87</sup> See, e.g., U.S. Patent No. 5,443,036 (issued Aug. 22, 1995) (disclosing "[a] method for inducing cats to exercise consist[ing] of directing a beam of invisible light produced by a hand-held laser apparatus onto the floor or wall or other opaque surface in the vicinity of the cat, then moving the laser so as to cause the bright pattern of light to move in an irregular way fascinating to cats, and to any other animal with a chase instinct"); U.S. Patent No. 6,004,596 (issued Dec. 21, 1999) (claiming a crustless peanut butter and jelly sandwich).

<sup>88</sup> See Allan M. Soobert, *Breaking New Grounds in Administrative Revocation of U.S. Patents: A Proposition for Opposition—And Beyond*, 14 SANTA CLARA COMPUTER & HIGH TECH. L.J. 63, 100–01 (1998). Congress expected more than 2,000 reexaminations per year, but only a small fraction of that number is actually requested each year. See *id.* at 101. The number of reexaminations requested has risen from an average of 230 per year, based on a study conducted in 1992, to approximately 350 per year more recently. See *id.* at 101 n.184. The number of reexaminations increased from 251 in 1989 to 392 in 1992. See 1992 COMM'R OF PATENTS AND TRADEMARKS ANNUAL REPORT 30, 59.

<sup>89</sup> See Soobert, *supra* note 88, at 102.

<sup>90</sup> See Bauz, *supra* note 24, at 945.

*A. The Disease of the Ex Parte Reexamination Provisions*

Most critics of the reexamination provisions, many writing prior to the passage of the new inter partes reexamination system, agree on the main weaknesses of the system as it existed prior to December 1999. Inadequate third-party participation mechanisms, overly narrow substantive grounds upon which to base a request for reexamination, lack of meaningful legal effect especially in the case of concurrent litigation, and biased procedural mechanisms have all been cited as contributing to the weakened state of reexamination.<sup>91</sup> Commentators on the inter partes reexamination proceedings are no less critical, in large part because inter partes reexamination merely appends an equally faulty provision on top of the ex parte provisions, which introduced problems of its own and relieves only one of the problems associated with ex parte reexamination at best.<sup>92</sup>

*1. Inadequate Third-Party Participation*

Lack of third-party participation has been the most criticized aspect of the ex parte reexamination procedure, and incidentally, the only one addressed by the reforms in the AIPA.<sup>93</sup> In ex parte reexamination, a third-party requester has, at most, two opportunities to participate. One opportunity is the ability to file a request for reexamination.<sup>94</sup> If the patent owner files a reply, the requester may then file a response to the patent owner's submission.<sup>95</sup> Patent owners therefore often forego this reply, leaving the third-party requester with no participation beyond the

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<sup>91</sup> See, e.g., *id.* at 953–54, 960–61. Among factors commentators frequently listed as weakening the reexamination procedure is the loss of the presumption of validity. See, e.g., *id.* at 955. The author, however, instead agrees with the court in *In re Etter*, 756 F.2d 852, 858 (Fed. Cir. 1985), which explained that to permit this presumption would be contrary to the purpose of reexamination.

<sup>92</sup> See, e.g., Mark D. Janis, *Inter Partes Patent Reexamination*, 10 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 481, 483 (2000) (stating that in creating inter partes reexamination, Congress “has enacted a mongrel procedure that is incoherent in its vision and unbalanced in its incentives structure”).

<sup>93</sup> See Janis, *supra* note 15, at 69–70.

<sup>94</sup> See 35 U.S.C. § 302 (2000).

<sup>95</sup> See 35 U.S.C. § 304 (2003).

original request.<sup>96</sup> Further, a patent owner may effectively preempt even this minimal participation by filing a reexamination request of his or her own.<sup>97</sup>

The third-party requester may not have any filings beyond those considered by the PTO, nor may he or she participate in interviews with the examiner.<sup>98</sup> More importantly, the third-party requester has no opportunity to appeal an unfavorable determination, either at the threshold level of determining the existence of a substantial new question or of the results from an ensuing reexamination.<sup>99</sup>

While reexamination was intended to be a curative mechanism to fix a problem that occurred during an initial *ex parte* examination, it is frustrating for the third-party requester to be unable to participate. Litigation, on the other hand, offers the third party a chance to participate at every level of the invalidity determination, where he or she is able to counter every argument made by the patentee in support of patent validity. Further, litigation provides the third-party requester with an appellate process equal to that of the patentee. While the negative aspects of litigation include high costs in dollars and time spent, partial control over the process and an opportunity to appeal often outweigh the downside of litigation costs.

## 2. Narrow Substantive Grounds

Another oft-voiced concern is that the grounds for which a reexamination can be requested are too narrow for widespread use, thus encouraging parties to pursue all possible grounds for invalidation in court.<sup>100</sup> The statute only permits reexamination for questions of novelty and nonobviousness in light of new prior art.<sup>101</sup> While it is true that the decentralization of prior art is one aggravating factor calling for reexamination, it is also true that a

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<sup>96</sup> See Janis, *supra* note 15, at 71 n.313.

<sup>97</sup> See *id.* at 70.

<sup>98</sup> See *id.* at 71.

<sup>99</sup> See *id.* at 71–72.

<sup>100</sup> See, e.g., Janis, *supra* note 15, at 53–54 (stating that the scope of reexamination is limited to prior art patents or printed publications); Bauz, *supra* note 24, at 953.

<sup>101</sup> See *id.*

number of patents would have been invalidated had the PTO had access to information other than “documented” prior art.<sup>102</sup>

In the secrecy that had traditionally surrounded the patent prosecution process, persons having information relevant to on-sale or prior use activities have not realized the importance of this data until after the patent issues. Because of the prior art requirement, areas that cannot be challenged include questions of utility, on-sale bars, adequate disclosure,<sup>103</sup> inventorship, public use, and inequitable conduct.<sup>104</sup> Justifications for this limitation include protecting the patent owner from undue procedural nightmares, as well as conserving scarce PTO resources.<sup>105</sup> Though in effect, this limitation creates a reexamination proceeding that is “biased against the goal of providing a litigation alternative,” as there are a number of potentially invalid patents that can now only be corrected through litigation.<sup>106</sup> Further, this limitation only scratches the surface as a curative mechanism to prevent the exploitation of invalid patents.

### 3. Lack of Meaningful Legal Effect

There are two components to this issue: first, unless the patent is altered or invalidated during reexamination, there is “no binding legal effect”;<sup>107</sup> second, litigation and reexamination may take place concurrently. Parties also favor litigation because of these

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<sup>102</sup> See Janis, *supra* note 15, at 58 (citing *In re* Recreative Techs. Corp., 83 F.3d 1394 (Fed. Cir. 1996)).

<sup>103</sup> The term “adequate disclosure” pertains generally to the requirements imposed by 35 U.S.C. § 112.

<sup>104</sup> To include inequitable conduct in the list of grounds that are not permitted in reexamination may be slightly misleading, as it can not be considered during primary examination. To be able to raise this ground for invalidation/unenforceability in a non-litigation proceeding, however, would provide an additional incentive to use reexamination.

<sup>105</sup> See Janis, *supra* note 15, at 55–56.

<sup>106</sup> See *id.* at 55 (“Not surprisingly, the stark discontinuity between the substantive scope of reexamination and the substantive scope of validity litigation dissuades third parties from choosing reexamination over litigation, or precludes them from doing so altogether depending upon the nature of their invalidity evidence.” (citations omitted)).

<sup>107</sup> See Bauz, *supra* note 24, at 954.

concerns. In litigation, a decision will be final and the res judicata and issue preclusion standards are well known and understood.<sup>108</sup>

While it is clear that a court's determination of patent invalidity is binding on the PTO,<sup>109</sup> the binding effects of the PTO's conclusions during reexamination are less clear. The statute seems to clarify that the PTO may cancel any claim deemed unpatentable, which is a decision that becomes final upon exhaustion of appeals.<sup>110</sup> The lack of clarity involves determinations of validity by a court or by the PTO. Litigation, offering a standard basis of res judicata and issue preclusion, often appears a more attractive alternative.

A related concern is the possibility of a concurrent litigation and reexamination proceeding. Throughout the legislative history of reexamination, a number of proposals have been raised to prevent this occurrence.<sup>111</sup> Congress, however, has chosen to remain silent on this issue, assuming the courts would use their discretionary powers to grant stays.<sup>112</sup> Because of the differing evidentiary standards between reexamination and litigation, it is even possible to obtain different outcomes. Because a reexamination proceeding and a lawsuit may run concurrently and there is a lack of binding effect between the two, the possibility of excess cost is great.

#### 4. Biased Procedural Measures

A number of the procedural measures that make up the reexamination statute are biased in such a way to make the parties consider litigation as more favorable than reexamination. The threshold requirement of a substantial new question of patentability was designed, along with the high filing fee, to protect the patentee

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<sup>108</sup> *Cf. id.* (stating that “the reexamination proceeding lacks meaningful legal effect like res judicata or collateral estoppel”).

<sup>109</sup> *See* MPEP, *supra* note 29, § 2286; *cf. Ethicon, Inc., v. Quigg*, 849 F.2d 1422, 1429 (Fed. Cir. 1988) (opining that “if a court finds a patent invalid, and that decision is either upheld on appeal or not appealed, the PTO may discontinue its reexamination”).

<sup>110</sup> *See* 35 U.S.C. §§ 306, 307(a) (2002).

<sup>111</sup> *See* Janis, *supra* note 15, at 78–79. Proposals range from requiring that all patent validity issues be first taken to the PTO to requiring a stay of whichever was filed later. *Id.*

<sup>112</sup> *See id.* at 79–80.

from unnecessary harassment.<sup>113</sup> In practice, however, the reexamination requests are often rubber-stamped by the examiners because a substantial new question standard is too vague, and examiners believe that it is better to err on the side of over-inclusion.<sup>114</sup> This bias would seem to cut in favor of the third-party requester because it is likely that his or her request for a reexamination will be granted. In addition, the loss of a presumption of validity in reexamination favors the requester. The bias of non-participation, however, weighs heavily in favor of the patentee.<sup>115</sup> Thus, both parties have significant reasons to favor litigation. In litigation, the only bias is the presumption of patent validity, which is often a presumption that is not given much weight by judges and juries.

### B. *The False Panacea*

In addition to the specter of patent invalidity that Congress originally sought to cure by implementing reexamination, one specified goal of the new legislation is also to “reduce patent litigation.”<sup>116</sup> Reduction in patent litigation is a stated purpose of the amendments to reexamination, with the law aimed at making reexamination a more attractive means for challenging patent validity than legal action. But even if the addition of inter partes reexamination in some way cures a deficiency of ex parte reexamination by permitting third-party participation, it is certainly not the cure-all that is needed. Further, it is highly questionable that this legislation will be able to abate any of the symptoms.

First, the new legislation carries forward many of the negative aspects of the existing ex parte reexamination into the inter partes procedures. Second, the requirement that a real party in interest must be identified for inter partes reexamination is a disincentive for smaller parties to utilize this mechanism. Third, there exists some ambiguity in the legislation as to the level of participation of the third-party requester, including the right to submit newly-discovered art during the reexamination proceedings and the right

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<sup>113</sup> See *id.* at 45.

<sup>114</sup> See *id.* at 48.

<sup>115</sup> See Soobert, *supra* note 88, at 101–02.

<sup>116</sup> H.R. 1907, 106th Cong. (1999).

to participate in interviews with the examiner. Finally, the cost incurred by the estoppel provisions is likely to be high enough to discourage all but the bravest from using the provision.

### 1. Carry-Overs from Ex Parte Reexamination

The inter partes reexamination procedure, while addressing (at least in part) the lack of third-party participation and the lack of meaningful legal effect, retains the same overly-narrow bases on which to support a request for reexamination that were previously present. The lack of meaningful judicial effect has also been partially addressed. By introducing legal and factual estoppel in a situation where the third-party requester has somewhat limited participation, however, does not improve the problem. In fact, it is quite possible that a third-party requester will now run into court rather than take any unnecessary chances with the PTO.<sup>117</sup>

### 2. Identification of the Real Party in Interest

The inter partes reexamination procedure, unlike the ex parte provisions, requires that the real party in interest must be identified.<sup>118</sup> This is an area of concern for small companies who previously had used reexamination as an alternative to litigation.<sup>119</sup> By filing a reexamination request under the name of a lawyer, a small company can raise issues of patent validity without fear of being run into court on infringement allegations by bigger companies who are more economically able to bear the costs of litigation.<sup>120</sup> The retention of ex parte reexamination proceedings still allows the small company to air its concerns in the same manner; however, the requester does not get the benefit of being able to participate.

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<sup>117</sup> See *infra* Part III.B.4.

<sup>118</sup> See 35 U.S.C. § 311 (2002).

<sup>119</sup> Cf. Janis, *supra* note 92, at 489 n.32 (“One can imagine, for example, a small company that fears an infringement suit from a large patent owner, and would like to test the patent in a relatively inexpensive reexamination forum without attracting attention to the possible infringement.”).

<sup>120</sup> See *id.*

### 3. Ambiguous Level of Participation by Third Party

While the inter partes reexamination proceedings make clear that the third-party requester may submit a filing in response to any action by the PTO or the patentee, the law provides no clarity about other activities. Some specific questions, left up to the PTO, include whether a third party may participate in interviews with the examiner (or further, whether the third party must be invited to participate) and whether the third-party requester may raise further questions of patentability once the reexamination proceedings have started.<sup>121</sup>

With respect to the extent of third-party participation, the PTO, in the background to the Rules to Implement Optional Inter Partes Reexamination Proceedings (“Rules”), specifically states that participation of a third party will be limited to “minimize the costs and other effects of reexamination requests on patentees.”<sup>122</sup> The third-party requester may file one response for each response of the patent owner, limited to issues raised in the Office action or the patent owner’s response.<sup>123</sup> Rather than dealing with the complex issues that would surround interviews, the Rules completely prohibit interviews in inter partes reexamination.<sup>124</sup>

With respect to additional questions of patentability, the Rules permit citations to prior art by the patent owner or the third-party requester to be entered in the examination file.<sup>125</sup> This prior art is limited to prior art that is “necessary to rebut a finding of fact by [an] examiner” or “rebut a response of the patent owner,” or which becomes available or known for the first time to the third-party requester after the filing of the reexamination request.<sup>126</sup> Citations

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<sup>121</sup> Cf. Soobert, *supra* note 88, at 111 (suggesting a new procedure that weighs, among other considerations, whether and how much third parties should be permitted to participate and whether third parties should be able to appeal).

<sup>122</sup> Rules to Implement Optional Inter Partes Reexamination Proceedings, 65 Fed. Reg. 76,756, 76,756 (Dec. 7, 2000) [hereinafter Rules].

<sup>123</sup> See *id.* at 76,780 (to be codified at 37 C.F.R. § 1.947).

<sup>124</sup> See *id.* at 76,781 (to be codified at 37 C.F.R. § 1.955).

<sup>125</sup> See *id.* at 76,778 (to be codified at 37 C.F.R. § 1.902).

<sup>126</sup> *Id.* at 76,780 (to be codified at 37 C.F.R. § 1.948).



by other parties may not be entered until the inter partes reexamination is terminated.<sup>127</sup>

#### 4. Estoppel Provisions

The highest cost exacted by the inter partes reexamination procedure comes from the estoppel rules.<sup>128</sup> The third-party requester may not question the validity of any claim deemed valid during the reexamination in later litigation if the challenge of invalidity was raised or could have been raised during the reexamination proceedings.<sup>129</sup> Further, the third-party requester may not challenge any finding of fact made during the reexamination proceedings unless that fact is later proven to be false based on evidence unavailable at the time of the reexamination.<sup>130</sup> This estoppel, combined with limited avenues of appeal, is a great enough detriment to force third parties to use either the flawed ex parte reexamination, or more likely, to go into court.

### IV. COMPARATIVE ANALYSIS

Both the European Patent Office and the Japanese Patent Office engage in post-grant opposition procedures, whereby third parties have the opportunity to come forward and challenge the validity of recently issued patents. Further, Europe and Japan also offer other methods by which to raise issues of invalidity.

#### A. European Opposition

The European Patent Convention (“EPC”) governs a centralized system for granting a single patent effective in various

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<sup>127</sup> See *id.* at 76,778 (to be codified at 37 C.F.R. § 1.902).

<sup>128</sup> It should also be noted that the monetary cost of inter partes reexamination is also much greater than ex parte reexamination. The estimated average cost of an inter partes reexamination is \$8,800, compared to \$2,520 for ex parte reexamination. See *id.* at 76,757. This cost, however, is de minimis when compared to the costs involved in litigation. Note that the costs listed here are just the filing fees for reexamination. See 37 C.F.R. § 1.20 (2002).

<sup>129</sup> See 35 U.S.C. § 315(c) (2003).

<sup>130</sup> See S. 1948, 106th Cong. § 4607 (1999). This section has not yet been codified.

European states.<sup>131</sup> Opposition against a European patent must be initiated within nine months of publication of the grant of a patent in the European Patent Bulletin.<sup>132</sup> Any person, exclusive of the patent owner, is entitled to file a notice of opposition.<sup>133</sup> The notice of opposition must include a statement concerning the grounds on which the opposition is based as well as an indication of the facts, evidence, and arguments presented in support of these grounds.<sup>134</sup> Admissible grounds for opposition include lack of novelty, lack of inventive step, lack of industrial application, ineligible subject matter, non-patentability, inadequate disclosure, and inadmissible amendment.<sup>135</sup>

The opposition proceedings are conducted by the European Patent Office (“EPO”) Opposition Division consisting of three examiners, two of whom did not participate in the initial examination.<sup>136</sup> The notice of opposition is sent to the patent owner, who may reply with observations or amendments.<sup>137</sup> After this optional reply, the Opposition Division examines the patent, basing its decision on the arguments set forth in the notice of opposition as well as evidence taken during the proceedings.<sup>138</sup> Evidence includes written documents, not limited to printed prior art and patents, and also may include the oral testimony of parties, witnesses, and experts.<sup>139</sup>

The opposition proceedings will result in either the revocation of the patent or the maintenance of a patent.<sup>140</sup> Either the patent

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<sup>131</sup> See European Patent Convention, Oct. 5 1973, 13 I.L.M. 270 [hereinafter EPC], reprinted in INTERNATIONAL TREATIES ON INTELLECTUAL PROPERTY 675 (Marshall A. Leaffer ed., 2d ed. 1997).

<sup>132</sup> See EPC, *supra* note 131, art. 99(1).

<sup>133</sup> See *id.* An applicant was previously able to file an opposition against his own patent. See Case G 01/84, Mobil Oil/Opposition by Proprietor, E.P.O. 10/1985, 299. This position has now been reversed, and an applicant may not oppose his own patent. See Case G 09/93, Peugeot & Citroen/Opposition by Patent Proprietor, E.P.O. 12/1994, 891.

<sup>134</sup> Cf. EPC, *supra* note 131, art. 99(1) (stating that a “written reasoned statement” must be filed).

<sup>135</sup> See *id.* arts. 52–57, 100.

<sup>136</sup> See *id.* art. 19.

<sup>137</sup> See *id.* art. 100, rule 57a.

<sup>138</sup> See *id.* art. 101.

<sup>139</sup> See *id.*

<sup>140</sup> See *id.* art. 102. The patent may be maintained in unamended or amended form. See *id.*

owner or the requester of the opposition may appeal on factual or legal grounds any adverse decision by the Opposition Division to the EPO Board of Appeal.<sup>141</sup>

Oppositions, while not used extensively, are prevalent enough to allow those who participate to become proficient. Furthermore, the fact that the opposition proceedings are used is some proof of their believed value. In 2000, the number of patent examinations requested of the EPO was 45,864.<sup>142</sup> Of this number, 27,523 patents were granted.<sup>143</sup> Just over seven percent of this number (i.e., 1,998 patents) were opposed in that same time period.<sup>144</sup>

### *B. Other European Methods to Challenge Validity*

In many European countries, third parties may also challenge the validity of an EPO patent through a method such as national revocation proceedings.<sup>145</sup> These decisions are only effective in the particular contracting state where the proceedings occurred.

### *C. Japanese Oppositions*

The Japanese Patent Office (“JPO”) consists of examiners, charged with determining the patentability of an application, as well as trial examiners, who hear various trials within the JPO.<sup>146</sup> Because the Japanese courts have no jurisdiction regarding the validity of patents, the trial examiners hear issues of validity after issuance in addition to issues regarding an examiner’s determination of unpatentability.<sup>147</sup>

Any person may file an opposition to a Japanese patent within six months after the publication of the issued patent.<sup>148</sup> The

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<sup>141</sup> See *id.* art. 106.

<sup>142</sup> See EUROPEAN PATENT OFFICE, FACTS AND FIGURES 2000, at 16 (2001), available at [http://www.european-patent-office.org/epo/facts\\_figures/](http://www.european-patent-office.org/epo/facts_figures/) (last visited Oct. 30, 2003).

<sup>143</sup> See *id.*

<sup>144</sup> See *id.*

<sup>145</sup> See Soobert, *supra* note 88, at 151 n.444.

<sup>146</sup> See Patent Law, Law No. 121 of 1959, §§ 47, 137(1), as amended (Jap.), translated in JAPANESE LAWS RELATING TO INDUSTRIAL PROPERTY (Japanese Patent Office trans., 1996) [hereinafter Japanese Patent Law].

<sup>147</sup> See *id.* §§ 121, 123.

<sup>148</sup> See Soobert, *supra* note 88, at 165 (citing Japanese Patent Law § 113).

written opposition must include a statement of the grounds for opposition as well as supporting evidence.<sup>149</sup> A Japanese patent may be opposed on nearly any ground for which an examiner may determine an application to be unpatentable.<sup>150</sup> Opposition may be based on evidence of activities, as well as printed prior art material.<sup>151</sup>

A chief trial examiner will forward the notice of opposition to the patentee, who then has a period in which to reply, to amend the specification or drawings by narrowing the claims, correcting errors or clarifying ambiguity.<sup>152</sup> After the period for reply, a group of three trial examiners is convened to examine the evidence.<sup>153</sup> Documentary evidence is prevalent, but testimonial evidence may be presented upon motion.<sup>154</sup> At the conclusion of the evidence, the trial examiners render an opinion as to the opposition.<sup>155</sup>

A decision that is unfavorable to the patentee may be appealed to the Tokyo High Court; however, favorable rulings are not appealable, and recourse consists of further opposition, if the time period has not lapsed, or alternate revocation proceedings.<sup>156</sup>

#### *D. Other Japanese Methods to Challenge Validity*

Japan has a number of alternative avenues with which to challenge the validity of a patent. These methods include a “trial for invalidation of a patent,” which is an inter partes proceeding before a group of three trial examiners.<sup>157</sup> Most commonly demanded by alleged infringers, the trial for invalidation of a patent is based largely on oral testimony.<sup>158</sup> Again, in this

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<sup>149</sup> *See id.* (citing Japanese Patent Law § 115).

<sup>150</sup> *See id.* at 163 (citing Japanese Patent Law § 113). Some of these grounds include lack of novelty, lack of industrial application, lack of inventive step, improper claims, or insufficient disclosure. *See id.* at 158.

<sup>151</sup> *See id.* at 163–64.

<sup>152</sup> *See id.* at 166 (citing Japanese Patent Law §§ 115, 120).

<sup>153</sup> *See id.* (citing Japanese Patent Law § 114).

<sup>154</sup> *See id.* at 166–67 (citing Japanese Patent Law § 117).

<sup>155</sup> *See id.* at 167 (citing Japanese Patent Law § 114).

<sup>156</sup> *See id.*

<sup>157</sup> *See id.* at 167 n.530.

<sup>158</sup> *See id.*

proceeding, a patent will be invalidated for largely the same reasons that an initial patent may be refused.<sup>159</sup>

Japanese patents may also be amended after issuance if the patentee demands a “trial for correction.”<sup>160</sup> This *ex parte* proceeding is typically conducted before three trial examiners.<sup>161</sup>

## V. RECOMMENDATIONS

Numerous commentators have chimed in on the subject of reexamination reform. The many proposed solutions offered by the scholars, however, are insufficient to cure the disease that has eaten away at the skeleton that supported the inception of the reexamination provision. Other suggestions are so far-fetched and academic, making the solution a scholarly exercise. Instead, this Article submits that a pragmatic approach is the key to actual reexamination reform. The scheme must carefully consider the goals advanced in justification of this procedure and reflect a proceeding that is the result of carefully balancing these goals. Further, the scheme must balance the interests of all parties involved: the patentee, the competitor, the investor, and the public.

### A. *Corrective Surgery: Proposals to Reform Reexamination*

Because of the complexity of issues, the divergent goals, and the mess that has been made of the existing reexamination provisions, it is unlikely that mere reform is going to be sufficient. Like many of the proposed solutions, the AIPA reexamination reform provisions simply bandage the problem or at best provide corrective surgery. Rather than looking into the problems that exist in *ex parte* reexamination, excising those problems, and inserting more effective solutions, Congress merely covered existing procedures with new ones. This is simply inadequate. To best solve the problems enumerated above, more cutting of the existing procedures is required so that the reform provisions fill in the gaps rather than just lay on top of a flawed system.

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<sup>159</sup> *See id.*

<sup>160</sup> *See id.*

<sup>161</sup> *See id.*

*B. Radical Amputation: Proposals to Dispose of Reexamination Proceedings*

While it is painfully clear that mere cosmetic changes to the current reexamination provisions are insufficient to meet the above-enunciated goals, the radical changes proposed by many commentators are also ineffective. Based on the great initiative required to pass even the smallest legislation, a complete overhaul of the patent system is not likely to occur any time soon. Instead, a better solution would be to propose a system that addresses all concerns, yet still maintains enough familiarity with the current system so that detractors will not balk merely because the proposed system looks too different.

One example of a proposed system that looks too different is opposition, similar to that used in Europe or Japan. Recommendations for the implementation of an opposition system in the United States date as far back as 1936.<sup>162</sup> In more recent years, the subject of opposition has again been raised by a number of respected voices within the field of patent law. Both the American Intellectual Property Law Association (“AIPLA”) and the Intellectual Property Section of the ABA have made public resolutions encouraging the creation of an opposition proceeding.<sup>163</sup> Opposition proceedings have also been hailed by noted professors such as Harold Wegner and Robert Merges.<sup>164</sup> Finally, there have been empirical studies, the results of which show judicial favor for the development of opposition proceedings.<sup>165</sup>

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<sup>162</sup> See Craig Allen Nard, *Certainty, Fence Building, and the Useful Arts*, 74 IND. L.J. 759, 764 n.28 (1999).

<sup>163</sup> See *id.*

<sup>164</sup> See *id.* (citing Harold C. Wegner, *Patent Law Simplification and the Geneva Convention*, 14 AIPLA Q.J. 154, 200–01 (1986)); Robert P. Merges, *As Many as Six Impossible Patents Before Breakfast: Property Rights for Business Concepts and Patent System Reform*, 14 BERKELEY TECH. L.J. 577, 610–15 (1999).

<sup>165</sup> One study, conducted by Nard himself, polled federal district court judges. See Nard, *supra* note 162, at 769. Of the 204 respondents, 93 favored the implementation of opposition proceedings, 45 opposed, and 66 had no opinion. See *id.* app. A 1995 study by Lawrence G. Kastriner indicated that of the forty-two patent lawyers who responded, ninety percent stated they were in favor of the implementation of opposition proceedings. See *id.* at 796 n.172.

Among the justifications that Professor Craig Allen Nard cites for the implementation of opposition proceedings are (1) most prior art references asserted during litigation were not considered during prosecution before the PTO and (2) the probability of a finding of invalidity was greater when the patent was challenged with uncited prior art rather than with cited art.<sup>166</sup> These justifications, however, fail to explain why reexamination, which must be based on uncited prior art, is an underutilized mechanism with which to challenge patent validity.

### *C. A Realistic Approach to Revamping the System*

As evidenced by the above discussion, it is clear that any attempt to reformulate the reexamination procedure must be both goal driven and goal defined. Two goals that should be addressed in reforming the reexamination system are (1) providing a curative mechanism for invalid patents and (2) serving as an attractive alternative to litigation of patent validity. Another goal should be providing a scheme that equally protects the inventor, the competitor, the investor, and the public. Finally, while complete harmonization with international systems may not provide the best scheme for the United States, the interests of those engaging in the global economy must be considered.

As it was at the enactment of the initial reexamination procedure, one important goal is to provide a mechanism for effectively challenging the validity of an issued patent. One commentator suggests that a curative mechanism may be less necessary at this time because the creation of the Federal Circuit has brought about an increased adherence to the presumption of patent validity.<sup>167</sup> But the need is not gone; the audience has simply changed. The audience is no longer the judiciary to be convinced of patent validity; instead, the audience is the inventing and investing public because patent validity is important for a number of economic reasons. This goal of comforting the investing public is mentioned in the legislative history of the initial

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<sup>166</sup> See *id.* at 768 (citing a study by John R. Allison and Mark A. Lemley, published in their article *Empirical Evidence on the Validity of Litigated Patents*, 26 *AIPLA Q.J.* 185, 234 (1998)).

<sup>167</sup> See Janis, *supra* note 15, at 26.

reexamination mechanism. However, this goal seems to be inadequately met by that procedure, has not proven to be the subject of much commentary, and requires more scrutiny than it has thus far received.

A second important, and somewhat related, goal is to provide a cost-effective method to challenge validity, or in other words, an attractive alternative to litigation. This goal, too, was mentioned during the enactment of the initial reexamination legislation, but it has not been met by the current reexamination scheme.

Third, the procedure should take into account the balance of equities and resources and must address the needs of the inventor, the investor, the competitor, and the public. This goal will require a fine balance, as the motivations of these groups are often divergent, if not wholly contradictory. With respect to reexamination, an inventor's interest is largely to enjoy quiet title to his or her patent and to avoid undue harassment. A competitor's interest, however, lies in the provision of a useful method of challenging an invalid, overly broad patent, especially as the competitor is likely to have the best information to do so. The interest of the investor is having security in the metes and bounds of a patent, as well as quiet enjoyment upon assignation. It is in all parties' interest to have an expedient proceeding as well as a clear understanding of finality.

Finally, the procedure must either harmonize with international intellectual property proceedings, or at least, must not discourage participation by inventors also participating in the global economy. The trend in international patent law is toward harmonization. Yet some aspects of American patent law remain unique. Because some of these unique aspects are due to the American way of life, such as provisions that protect the garage inventor, it is important to consider ways to harmonize that do not disrupt these interests. If harmonization is not necessary, then the least that will suffice will be to provide a fair playing field for inventors and investors from all countries.



*D. A Proposed Method of Patent Invalidation*

Renaming the mechanism from “reexamination” to “patent invalidation” calls attention to the fact that the proceeding is no longer a mimicry of the original examination. The functional points of the proposed plan include a patent invalidation board, a procedure for requesting a patent invalidation, the workings of a patent invalidation proceeding, and the legal effects of the patent invalidation determination. A number of comments that addressed the PTO’s proposed rules of 1995 share similar thoughts to a number of these proposals. These comments, as well as the PTO’s responses, are discussed below.

1. The Patent Invalidation Board

Within the PTO, a group of patent attorneys should be hired to form the patent invalidation board. The members of the invalidation board would have no duties outside of their function on the board, which would include granting requests for invalidation proceedings and serving as administrative arbiters during invalidation proceedings. The creation of this board would serve a number of purposes. First, concerns have been raised that examiners’ limited knowledge of law is insufficient for their participation in invalidation if the procedure is to include evidentiary support beyond the prior art references familiar to examiners. The proposed solution, as detailed below, pairs an invalidation board member—a patent lawyer—with an examiner so that greater knowledge will be available to the examiner. Second, there is concern that examiners, because reexamination occurs so infrequently, do not gain sufficient expertise in the procedure. Because the invalidation board would be a small group and collectively would be involved in all invalidation proceedings, this expertise in invalidation can then be shared with the examiner, who would bring expertise in patentability and technology to the team. Third, this solution would leave the best examiners in the examining group, unlike some previous proposals calling for the creation of a reexamination board composed of examiners of superior skill.

One comment submitted in response to rules proposed in 1995 (in anticipation of reexamination reform that eventually did not pass) called for the examiner with the greatest legal and other skills given the complexity of the issue to be assigned to inter partes reexamination.<sup>168</sup> Two other comments called for a trio of examiners and legal specialists to handle reexamination.<sup>169</sup> The PTO's response to these comments, when promulgating the 2000 rules, indicates that a special group, comprised of legal advisors, may be created to oversee the reexamination by an examiner.<sup>170</sup> As of December 2000, the PTO was still considering this option.<sup>171</sup> With respect to the panel of examiners, the PTO is considering a panel review of the examiner's reexamination determination prior to the issuance of the reexamination certificate.<sup>172</sup>

The above-proposed patent invalidation board goes further than to create a group of reexamination legal specialists that will oversee reexamination. Instead, each reexamination would be supervised directly by the examiner or invalidation board member team. The patent invalidation board would act in a supervisory role, much as the group suggested by the PTO, but would also act on a more individual basis and as an administrative arbiter within a particular reexamination case. This is required because the patent invalidation proceedings as detailed below would likely require more legal expertise on a regular basis due to evidentiary and estoppel issues.

## 2. Requesting a Patent Invalidation Proceeding

A request for patent invalidation may only be filed in the eighteen months following the grant of the patent, unless the patentee has brought an infringement suit against a party or has

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<sup>168</sup> See Rules to Implement Optional Inter Partes Reexamination Proceedings, 65 Fed. Reg. 18,154, 18,157 (Apr. 6, 2000). Although the 1995 bill does not speak of inter partes reexamination, it was the precursor for the current inter partes reexamination, and will be addressed as such for ease.

<sup>169</sup> See *id.*

<sup>170</sup> See *id.* at 18,158.

<sup>171</sup> See Rules, 65 Fed. Reg. 76,756, 76,758 (Dec. 7, 2000).

<sup>172</sup> See Rules to Implement Optional Inter Partes Reexamination Proceedings, 65 Fed. Reg. at 18,158.

sufficiently created a reasonable fear of an infringement suit that a party has filed for declaratory judgment. If a patent infringement issue is before a court, either as a result of a patent owner suing for infringement or an alleged infringer suing for a determination of non-infringement, a request for patent invalidation may be filed at any time. Of course, a patent infringement action may only be brought in court during the enforceable life of the patent. This provision provides the patent owner with a period of quiet enjoyment after eighteen months, unless the patent owner chooses to open up the courthouse door himself or herself. This further prevents filings purely for harassment purposes after eighteen months. The inventor or patent owner's interest in quieting harassment is balanced against the competitor's interest in being able to challenge a possibly invalid patent based on information most likely possessed by him or her.

A patent invalidation proceeding may only be initiated by a third party. This modification prevents patent owners from filing a request to preempt a request filed by a competitor. The third-party requester of the patent invalidation may raise any grounds on which a patent may be found invalid or unenforceable, including anticipation, obviousness, on-sale bar, public use, inventorship problems, inequitable conduct, and inadequate disclosure. The grounds must be particularly alleged and accompanied by supporting evidence. In the case of anticipation and obviousness, supporting evidence shall include the relevant prior art as well as a clear statement of the pertinence of the references. For other grounds, evidence shall include a clear statement of alleged activity as well as brief affidavit testimony in support thereof. This represents an important balance between the inventor, whose interest lies in securing a valuable property interest, and the competitor, who should not need to fear suit for infringing an invalid or overly broad patent.

Requests for invalidation would be forwarded to the patent invalidation board, which would determine whether a question of patentability, or more succinctly, invalidity, exists. The determination shall be made within one month. Because this is one of only two duties that the board has, the expedient timing is feasible. Also, because the determination is made so quickly, this

represents one improvement over litigating the matter. If the board determines that there is a question that should be explored, then a patent invalidation proceeding will begin. If the board determines that the filing of the request for patent invalidation was frivolous or done in order to harass the patentee, the board may suggest that Rule 11 sanctions<sup>173</sup> be considered by the district court where the case lies. Further, the patent invalidation board's determination that a question of patentability exists and the initiation of patent invalidation proceeding would cause an automatic stay of all pending litigation involving the patent. While stays are frequently requested and granted at this time, this procedural point must be codified so that it is universally followed.

If the patent invalidation board determines that there is no reasonable question of invalidity, then the requester may appeal this determination to the district court where infringement litigation is pending or, if no litigation is pending, to a district court with proper jurisdiction and venue. Because the determination of an invalidity question is essentially an application of particular facts to the law and because the PTO's level of expertise is high, the standard of review should be one of deference similar to that of informal agency fact finding. Patent invalidation board determinations, then, would be subject to reversal if the court determines the decision was arbitrary, capricious, or an abuse of the board's discretion.

In the comment period for the 1995 rules, one observation suggested that the PTO should include affidavits in the prior art analysis.<sup>174</sup> In response, the PTO reiterated the findings of a 1992 Advisory Commission on Patent Law Reform, holding that the PTO is an inappropriate forum for addressing areas of invalidity beyond those based on documentary prior art, largely because of the mishaps that occurred during proceedings under the Dann amendments.<sup>175</sup> So long as this mindset is maintained, it is unlikely that any curative mechanism will ever be able to fulfill the

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<sup>173</sup> See FED. R. CIV. P. 11.

<sup>174</sup> See Rules to Implement Optional Inter Partes Reexamination Proceedings, 65 Fed. Reg. at 18,158.

<sup>175</sup> See *id.* (citing ADVISORY COMMISSION ON PATENT LAW REFORM, REPORT TO THE SECRETARY OF COMMERCE 117 (Aug. 1992)).

dual goals of increasing patent validity and decreasing patent validity litigation. Rather than looking to the Dann amendments as a reason to prohibit expanding the reexamination proceedings, it would be more instructive to view the Dann amendments as a first draft or a teaching tool. Instead of simply avoiding the problem, lessons should be learned from the mistakes that ensued. The proposed invalidation proceedings outlined in this Article take into account the concerns raised by the Dann amendments and build from those mistakes.

### 3. The Patent Invalidation Proceeding

Patent invalidation proceedings would be conducted by a team composed of a member of the patent invalidation board and the examiner who conducted the original examination of the patent. If the original examiner is unavailable, a suitable alternative would be selected by the PTO, as is currently done for reexaminations. Any significant splits of opinion between the examiner and the board member would be resolved by the entire patent invalidation board.

For a case involving only prior art, the case would proceed with Office actions and responses permitted by both parties. If it is determined that an interview would hasten along the process, then both the patentee and the requester may attend and participate. Any new art that is discovered during the pendency of the patent invalidation proceeding must be presented to the examiner. Once a third-party requester has initiated an invalidation proceeding, it would be unfair to allow the requester to sandbag the patent owner. If a third party becomes aware of additional prior art after an invalidation proceeding is complete, however, a subsequent request for invalidation may be filed on the basis of this art, but the request must also be accompanied with a declaration that the party was not aware of the art during the previous proceeding and a statement of why this information was not available earlier. This provision serves to prevent excess harassment of a patent owner and promotes the general interest of expedience.

For cases involving affidavit evidence, the team may make a decision on the affidavits—and counter-affidavits—alone, as a matter similar to summary judgment. If it is determined that there

is a material issue of fact, then the team may permit abbreviated discovery in the form of depositions and interrogatories of the witnesses covering issues raised during the request. Hearings may be permitted by the team, and in any case, a full record should be developed.

Decisions of the patent invalidation team may be appealed by either the patentee or the requester to the Board of Patent Interferences and Appeals (“BPAI”), which would make a determination based upon the record developed. Decisions of the BPAI may be appealed back to the district court where litigation was stayed, or if no litigation is pending, to a district court with appropriate jurisdiction and venue. The district court may handle the appeal by reviewing the record for error, by hearing oral arguments, or by reopening the issue to receive further evidence or testimony. Because the record has been created in full, it would be sufficient to make that determination on the record unless an error has been made by the invalidation team in not hearing evidence.

The PTO has already addressed the issue of creating a full record for the purpose of appeal. With respect to inter partes reexamination, the PTO will “direct the examiner to make a complete record of the reasons for allowing or rejecting a claim at various stages.”<sup>176</sup> This policy needs to be strengthened in the case of patent invalidation proceedings and needs to include all documentary and testimony evidence that the examiner took into account in reaching a decision in order for the process to function smoothly at the appellate level.

#### 4. Legal Effects of Patent Invalidation Proceedings

A patent, or any part therein, found invalid during patent invalidation proceedings is to be treated by all courts as invalid after the exhaustion of possible appeals. Any patent found valid during patent invalidation proceedings shall be held as valid in the district court where the infringement case is held. Further, a patent found valid may not be challenged on the same bases by any other parties in the absence of different evidence.

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<sup>176</sup> See Rules to Implement Optional Inter Partes Reexamination Proceedings, 65 Fed. Reg. at 18,158.

The final determination of invalidity based on a patent invalidation proceeding provides a level of certainty to all players involved without denying the patentee any rights he or she already has. If the invention had been found to be unpatentable during the initial examination period, he or she would be denied a patent after the exhaustion of available avenues of appeal.<sup>177</sup> If in reexamination it is found that the patent was granted in error, the patentee is not being deprived of what he or she rightfully deserves, but rather is being relieved of something he or she received in error. In this way, the patent invalidation proceeding truly can function as a curative mechanism. Permitting the patentee to try his or her luck in a different forum after having been denied a patent in the manner a patent is usually obtained, is unfair to competitors.

A determination of validity by the patent invalidation board, followed by an exhaustion of avenues of appeal, similarly provides the patentee with all of the rights that he or she would have received during an original examination proceeding. By prohibiting that validity from being challenged in court or in the PTO on the same bases by another party, however, the patentee is permitted to enjoy the rights that he or she has rightfully obtained. Third-party requesters have greater rights in the patent invalidation proceeding than in the current reexamination because they have a full array of appeal possibilities. Arguably, the only party that has diminished rights in light of the proposed patent invalidation system is the non-requesting public, as it is not permitted to challenge a patent on the same bases that has been previously attempted. Though, this does not really injure the public. In the case of questions based solely on prior art, someone may not bring a request based on prior art that has already been considered in any capacity. Therefore, this preclusion does not change. In the case of questions based on testimonial evidence, the non-requester would be able to come forth in the case of new evidence. Thus, while protecting the patentee's enjoyment of his or her patent and

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<sup>177</sup> Commentators have discussed whether a procedure of this type would violate the patentee's Seventh Amendment right to a jury trial. Most, however, agree that the patentee is not entitled to the jury trial, and thus must only get a fair, legal process. *See, e.g.,* Janis, *supra* note 15, at 38–40, 87–92.

preventing harassment, the proposed rules for the patent invalidation proceedings do not tie the hands of third-party requesters or the general public.

#### CONCLUSION

While the importance of consumer, investor, inventor, and court confidence in the validity of patents cannot be overstated, the problem of increasingly decentralized knowledge bases, combined with rapidly changing technology, has intensified concern about the PTO's ability to ensure patent validity. Patent invalidity is often challenged in court, in front of judges with little or no technical expertise and full dockets. Further, litigation costs are skyrocketing. It is in light of these realities that reexamination reform must begin.

Reexamination has proven insufficient to meet its initially stated goal of improving confidence in patent validity, largely because it simply not being used. A dual goal has also been advanced along with reexamination reform—the reduction of patent litigation—but that goal is equally unserved by both *ex parte* and *inter partes* reexamination. While a number of proposals have been raised for reforming reexamination, including the *inter partes* reexamination introduced in the AIPA, these proposals either fall short or are so radical as to be merely academic.

Unless the reexamination proceedings are reformed, reexamination will continue to be underutilized, with both patent holders and accused infringers preferring to take their battles to the courthouse. By creating an attractive mechanism with a meaningful legal effect, contests regarding validity would be decided by a more experienced forum, which would boost patent validity confidence. Further, in making the PTO the preliminary arbiter of invalidity issues, the goal of reducing patent litigation would be facilitated. The time has come to truly heal the reexamination procedure so that it can finally withstand the burden that it was designed to support.