Plugging the Holes in the Ex Parte Reexamination Statute: Preventing a Second Bite at the Apple for a Patent Infringer

Betsy Johnson

Follow this and additional works at: https://scholarship.law.edu/lawreview

Recommended Citation
Available at: https://scholarship.law.edu/lawreview/vol55/iss1/10

This Comments is brought to you for free and open access by CUA Law Scholarship Repository. It has been accepted for inclusion in Catholic University Law Review by an authorized editor of CUA Law Scholarship Repository. For more information, please contact edinger@law.edu.
PLUGGING THE HOLES IN THE EX PARTE REEXAMINATION STATUTE: PREVENTING A SECOND BITE AT THE APPLE FOR A PATENT INFRINGER

Betsy Johnson

As the old maxim goes, "If at first you don’t succeed, try, try again." While such persistence may promote success in the fields of education, business, and scientific research, it has no place in judicial proceedings, as reflected in the judicial principles of collateral estoppel and res judicata. Although procedural safeguards in theory prevent parties from enjoying a second bite at the apple, parties nonetheless exploit loopholes in the laws that allow them to do so.

One such loophole exists in patent law. For instance, in MercExchange L.L.C. v. eBay, Inc., the jury found that the defendant willfully infringed two patents, and awarded significant damages to the patent owner. While the case was pending on appeal, the defendant requested, and the United States Patent and Trademark Office (PTO)

---

2. See Burson v. Carmichael, 731 F.2d 849, 854 (Fed. Cir. 1984) (“There is no support in law for repeated bites at the apple. On the contrary, the law whenever possible reaches for repose.”); RESTATEMENT (SECOND) OF JUDGMENTS § 17 & cmts. a-c (1982) (explaining that res judicata is a common-law doctrine that precludes the relitigation of a claim or issue after a valid and final judgment has been reached). The doctrine of res judicata encompasses two doctrines—claim preclusion, known as merger and bar, and issue preclusion, known as collateral estoppel. GENE R. SHREVE & PETER RAVEN-HANSEN, UNDERSTANDING CIVIL PROCEDURE § 106[B], [D] (2d ed. 1994). The doctrine of claim preclusion prohibits a party from relitigating the same claim in a future lawsuit. Id. § 106[D][1]. The doctrine of issue preclusion precludes relitigation of the same issue by any party. Id. § 106[D][2].
3. See, e.g., Krevsky v. United States, 186 F.3d 237, 242 (2d Cir. 1999) (Tsoucalas, J., dissenting) (recognizing that a remand for resentencing de novo creates a loophole that allows a criminal defendant an opportunity for a second bite at the apple).
6. Id. at 698-99. After a five-week trial, a jury found that eBay willfully infringed two of the plaintiff's patents. Id. The jury held eBay liable for $35 million in damages. Id. at 698; see also Jeffrey D. Sullivan & Thomas M. Morrow, Patent Law: Recent Re-examinations, NAT'L L.J., May 2, 2005, at 14, 14.

Remarkably, in seventy-four percent of reexamination proceedings the PTO concludes that a patent is wholly or partially invalid—odds that could tempt any adjudicated infringer.\footnote{See Paul Morgan & Bruce Stoner, Reexamination vs. Litigation—Making Intelligent Decisions in Challenging Patent Validity, 86 J. PAT. & TRADEMARK OFF. SOC'Y 441, 460-61 (2004) (referencing 2003 statistics from the United States Patent and Trademark Office (PTO), showing that for the years 1981-2003, sixty-four percent of the reexaminations resulted in claim amendments and ten percent resulted in all claims being cancelled while twenty-six percent of reexaminations resulted in all claims being confirmed).}

As unfair as it may seem, posttrial reexaminations are not unheard of. For instance, they have been granted after at least three recent high-profile patent infringement cases, although the requesters are typically third parties other than an adjudicated infringer.\footnote{See Patents: Reexam for Patents Infringed by BlackBerry, 65 Pat. Trademark & Copyright J. (BNA) 301, 301 (Jan. 31, 2003) (reporting that after the court issued a summary judgment of infringement in NTP, Inc. v. Research in Motion, Ltd., 261 F. Supp. 2d 423, 425 (E.D. Va. 2002), aff'd in part, rev'd in part, 392 F.3d 1336 (Fed. Cir. 2004), withdrawn and substituted by 418 F.3d 1282 (Fed. Cir. 2005), the PTO ordered the reexamination of five of the patents in suit); Sullivan & Morrow, supra note 6, at 14 (reporting that the PTO agreed to reexamine the patents at issue in Eolas and MercExchange after the courts announced infringement verdicts).}

While reexaminations are undoubtedly beneficial, the danger inherent in a posttrial reexamination lies in the possibility that the PTO, with the stroke of a pen, can undo a final judgment of an Article III court.\footnote{Standard Havens, 1993 WL 172432, at *1. A recently published article advocates the use of the reexamination process as a defensive strategy for a defendant, recognizing the power of the PTO over the federal court system. Asher, supra note 4, at 1, 6.} If adjudicated infringers routinely request reexaminations of the very patents they infringe, one might ask, what was the point of a trial on the merits in the first place?

This predicament leads to some important issues for consideration. For instance, under principles of separation of powers, is it constitutional for the PTO, an administrative agency, to consider a reexamination request from an adjudicated infringer when the result may be to nullify
the decision of an Article III court and absolve the adjudicated infringer
of liability? Furthermore, on a practical level, should the PTO and the
federal courts make the reexamination proceeding available to a
defendant after a final judgment, or even after significant discovery has
taken place? While reexamination is available to cure mistakes made
by the PTO, posttrial review of a patent contravenes another important
purpose of the reexamination statute—to prevent a waste of public and
private resources spent during an infringement lawsuit.

This Comment focuses on the issues presented by posttrial
reexaminations requested by an adjudicated infringer. This Comment
first explains the Ex Parte Reexamination Statute and reviews federal
case law to illustrate the current roles of and relationships between the
PTO and the federal courts in determining a patent's validity. Next, this
Comment analyzes the relevant constitutional provisions, statutes, and
case law addressing principles of separation of powers that should
prevent an administrative review of a judicial decision. Ultimately, this
Comment concludes that because the current laws are insufficient to
prevent a posttrial reexamination under these circumstances, Congress
should revise the Ex Parte Reexamination Statute so that a party may
not question patentability on the basis of patents and publications that
the party previously presented or could have presented at trial. In
addition, this Comment urges federal courts to disallow the results of
posttrial reexaminations to control or influence their final judgments.

I. THE NATURE OF PATENTS

In order to promote the useful arts and sciences, the United States
Constitution grants Congress broad power to pass laws granting
inventors a limited monopoly over their discoveries. Pursuant to this
authority, Congress enacted the Patent Act which, among other things,

12. See discussion infra Parts IV.A, V.C.
13. See Marvin Motsenbocker, Proposal To Change the Patent Reexamination Statute
   To Eliminate Unnecessary Litigation, 27 J. MARSHALL L. REV. 887, 895 (1994) (arguing
   that reexaminations should be concluded in the early stages of litigation).
    n.14 (D. Del. 1989) (noting that a timely decision in the reexamination of a patent-in-suit
    “may cheaply dispose of the suit before the parties or the court have expended time and
    6460, 6462-63; see also infra notes 51-54 and accompanying text.
15. U.S. CONST. art. I, § 8, cl. 8 (stating that Congress has the power “[t]o promote
    the Progress of Science and useful Arts, by securing for limited Times to . . . Inventors the
    exclusive Right to their respective . . . Discoveries”).
    376 (2000)). As a historical note, the original patent statute was enacted by the first
    Congress and signed into law by George Washington in 1790. Act of April 10, 1790, ch. 7,
grants a patent owner the right to exclude others from making, using, selling, or offering to sell his or her invention in the United States for a period of twenty years. 17

To be awarded a patent, an applicant must present an application that distinctly claims the particular invention he wants patented, as well as discloses to the public the best mode of carrying out the invention, and enables someone to make and use the invention. 18 The PTO is charged with examining each application to determine if it will grant a patent to the applicant. 19 The PTO assigns each application to a patent examiner, who conducts an ex parte examination to determine the patentability of

---

1 Stat. 109; see also ROGER E. SCHECHTER & JOHN R. THOMAS, INTELLECTUAL PROPERTY § 13.2.4–6 (2003).

17. See 35 U.S.C. § 154(a)(1)-(2). The current statute provides that “[e]very patent shall . . . grant to the patentee . . . the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States.” Id. § 154(a)(1). “[S]uch grant shall be for a term . . . ending 20 years from the date on which the application for the patent was filed in the United States . . . .” Id. § 154(a)(2). The patent laws seek to promote “progress by offering a right of exclusion for a limited period as an incentive to inventors to risk the often enormous costs in terms of time, research, and development.” Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 480 (1974). This twenty-year exclusionary period is a property right. Consol. Fruit-Jar Co. v. Wright, 94 U.S. 92, 96 (1877).

18. See 35 U.S.C. § 112. An application is the document that forms the basis for defining individual patent rights. See SCHECHTER & THOMAS, supra note 16, §§ 18.1-2 (describing the patent application process as mandated by the Patent Code). An application contains two distinct parts: (1) a specification, which describes the invention in detail; and (2) claims, which set forth the proprietary rights possessed by the patent owner. Id. § 18.1, at 394, § 18.2, at 404. A specification generally includes the title, an abstract, a detailed description, and drawings, if necessary. 37 C.F.R. §§ 1.71-.74, .77, .81 (2003); see also SCHECTER & THOMAS, supra note 16, § 18.1, at 394; U.S. PATENT & TRADEMARK OFFICE, U.S. DEP’T OF COMMERCE, MANUAL OF PATENT EXAMINING PROCEDURE § 608.01 (rev. 8th ed. 2004) [hereinafter M.P.E.P.]. The statute requires that the specification fulfill three distinct requirements: enablement, written description, and best mode. 35 U.S.C. § 112. The first paragraph of § 112 provides that the specification must “enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use” the claimed invention. Id.; see also 37 C.F.R. § 1.71. The second paragraph of § 112 requires that the patent include a written description of the invention, sufficient to demonstrate that the inventor has possession of the invention as of the filing date of the application. 35 U.S.C. § 112; see also 37 C.F.R. § 1.71; SCHECHTER & THOMAS, supra note 16, § 18.1.2, at 348. The third requirement, as set forth in the third paragraph of § 112, is that the specification “set forth the best mode contemplated by the inventor of carrying out his invention.” 35 U.S.C. § 112; see also 37 C.F.R. § 1.71. This requirement ensures that the inventor discloses to the public the best method of implementing the invention, so that after expiration of the patent competitors can compete on equal footing. See SCHECHTER & THOMAS, supra note 16, § 18.1.3, at 401.

19. See 35 U.S.C. §§ 2(a), 131. The PTO is an administrative agency within the Department of Commerce, and is under the policy direction of the Secretary of Commerce. Id. § 1. The Director of the PTO is “appointed by the President, by and with the advice and consent of the Senate.” Id. § 3. The Secretary of Commerce appoints a Commissioner of Patents, who is responsible for managing the operations of the PTO. Id.
the claimed invention. At the outset, the examiner bears the burden of establishing a prima facie case of unpatentability. If the examiner fails to meet this burden, then the applicant is entitled to a patent. However, if the examiner meets the burden, and rejects the application as unpatentable, the burden shifts to the applicant to demonstrate by amendment, argument, or both, that the claimed invention consists of patentable subject matter and satisfies the statutory requirements of novelty, definiteness, utility, and nonobviousness. Patentability is determined on the entirety of the record—by a preponderance of the evidence and the weight of argument. If the applicant demonstrates

20. Id. § 131; see also 37 C.F.R. §§ 1.102, .104. The PTO is organized into various Examining Groups, organized by technical specialties. See SCHECTER & THOMAS, supra note 16, § 19.1, at 422. When the PTO receives a patent application, the PTO staff forwards it to an examining group and individual examiner that have expertise with that type of invention. Id. § 19.2.3, at 425. The examiner conducts a search of the prior art and determines whether the invention as described and claimed is patentable. Id. An invention is patentable if it satisfies the statutory requirements of novelty, definiteness, utility and nonobviousness. 35 U.S.C. §§ 101-103. An invention is novel when it is not known to the public such as through sale, use, or disclosure in a patent or printed publication. See Minn. Mining & Mfg. Co. v. Chemque, Inc., 303 F.3d 1294, 1301 (Fed. Cir. 2002). An invention satisfies the utility requirement when the invention is capable of use and performs some beneficial function that is not clearly illegal. See In re Nelson, 280 F.2d 172, 179 (C.C.P.A. 1960), overruled by In re Kirk, 376 F.2d 936 (C.C.P.A. 1967). The standard for nonobviousness as set forth by the Supreme Court requires a factual inquiry as to: (1) the scope and content of the prior art; (2) the difference between the invention and the prior art; (3) the level of ordinary skill in the art at the time of the invention; and (4) objective evidence of secondary considerations, such as commercial success or unexpected results. Graham v. John Deere Co., 383 U.S. 1, 7-18 (1966); see also M.P.E.P., supra note 18, § 2141 ("Office policy is to follow Graham v. John Deere Co. in the consideration and determination of obviousness under 35 U.S.C. [§] 103."). Upon compiling this information, the PTO must determine whether the invention as claimed would be obvious to a person of ordinary skill in the art. Id. § 2142 ("In view of all factual information, the examiner must then make a determination whether the claimed invention 'as a whole' would have been obvious at that time to [the hypothetical person of ordinary skill in the art]."). The examiner must notify the applicant in writing whether he has rejected any of the application’s claims. 35 U.S.C. § 132(a); 37 C.F.R. §§ 1.2, 1.104. The entire examination process is confidential between the PTO and the applicant. 35 U.S.C. § 122(a).


22. Oetiker, 977 F.2d at 1445.

23. 35 U.S.C. § 132(a); 37 C.F.R. § 1.111; M.P.E.P., supra note 18, § 714 (describing the amendment process). If the examiner rejects a claim, the applicant may argue that the rejection is improper or may amend the claim to overcome the rejection. See 37 C.F.R. § 1.111. The examiner may then consider the applicant’s response, and reconsider the patentability of the invention. 35 U.S.C. § 132(a); see also 37 C.F.R. § 1.112.

24. Oetiker, 977 F.2d at 1445; Piasecki, 745 F.2d at 1472.
that the application satisfies the statutory requirements for patentability, the PTO will award a patent. 25

On the other hand, if the patent examiner persists in rejecting the application, the applicant may appeal the final rejection to the PTO's Board of Patent Appeals and Interferences. 26 If still dissatisfied, the applicant may bring a civil action in the United States District Court for the District of Columbia to compel the Director of the PTO to issue the patent. 27 And if the applicant is dissatisfied with either of these decisions, the applicant may appeal to the United States Court of Appeals for the Federal Circuit. 28 If the applicant prevails in any of these proceedings, then the PTO will issue a patent to the applicant.

II. PATENT INFRINGEMENT LITIGATION

A patent is a property right, granting the owner a twenty-year exclusionary period during which he is entitled to prevent others from practicing his invention. 30 A person infringes the patent rights of another if he "makes, uses, offers to sell, or sells" the patented invention without the permission of the patent owner. 31 If a patent owner learns of infringement, he may seek a remedy by bringing a civil action in a federal


26. Id. § 134(a). If the examiner remains unconvinced, and rejects a claim twice, the rejection is considered final, and the patent owner has three options to proceed within the PTO: (1) abandon the application; (2) file a continuing application to continue the prosecution in the PTO; or (3) appeal the examiner's decision to the Board of Patent Appeals and Interferences, or file a petition with the Director to object to the examiner's actions. Id. §§ 133-134; see also 37 C.F.R. §§ 1.53(b), 113, 114, 118, 191.


28. 35 U.S.C. § 141. When reviewing a Board decision, the proceeding is considered a judicial review of an administrative action, subject to the review standards of the Administrative Procedures Act (APA). 5 U.S.C. §§ 559, 706 (2000); Dickinson v. Zurko, 527 U.S. 150, 154 (1999). Thus, the Federal Circuit reviews the Board's decision to determine if it is supported by substantial evidence. See 5 U.S.C. § 559, Zurko, 527 U.S. at 162 (citing Consolidated Edison Co. v. NLRB, 325 U.S. 197, 229 (1938)).


30. 35 U.S.C. §§ 154(a), 261 ("[P]atents shall have the attributes of personal property."); see also Consol. Fruit-Jar Co. v. Wright, 94 U.S. 92, 96 (1877) ("A patent for an invention is as much property as a patent for land."). The exclusionary period is currently calculated as twenty years from the date on which the application is filed. 35 U.S.C. § 154(a)(2).

district court.\textsuperscript{32} If a court or jury finds that the accused party has infringed the patent at issue, the court may grant the patent owner injunctive relief, damages, or both.\textsuperscript{33}

Although an infringer can technically infringe an invalid patent claim, an invalid patent claim cannot give rise to liability for infringement.\textsuperscript{34} Although validity and infringement are distinct issues in a patent infringement lawsuit, a determination of validity is essential to a finding of liability for infringement.\textsuperscript{35} Congress has established means for determining the validity of a patent in either a federal court or in the PTO, as discussed further below.\textsuperscript{36}

\textbf{A. Judicial Review of Patent Validity}

Once a patent is issued by the PTO, courts will presume it is valid,\textsuperscript{37} placing the burden on a challenger to prove otherwise.\textsuperscript{38} At trial, an accused infringer may raise the statutory defense that the patent-in-suit is invalid, opening the matter of patent validity for resolution by the trier of fact.\textsuperscript{39}

\begin{thebibliography}{9}
\bibitem{32} \textit{id.} § 281. The federal district courts have exclusive jurisdiction over cases arising under the patent laws, including patent infringement lawsuits. 28 U.S.C. § 1338(a) (2000).
\bibitem{33} 35 U.S.C. §§ 283-284. The statute requires damages in the form of no less than a reasonable royalty. \textit{id.} § 284. Generally “an injunction will issue when infringement has been adjudged, absent a sound reason for denying it.” Richardson v. Suzuki Motor Co., 868 F.2d 1226, 1247 (Fed. Cir. 1989).
\bibitem{34} Spectra-Physics, Inc. v. Coherent, Inc., 827 F.2d 1524, 1535 (Fed. Cir. 1987) (commenting that the principle that “invalid claims cannot be infringed [is] a nonsense statement”); Medtronic, Inc. v. Cardiac Pacemakers, Inc., 721 F.2d 1563, 1583 (Fed. Cir. 1983) (commenting that “an invalid claim cannot rise to liability for infringement”); see also Unique Concepts, Inc. v. Brown, 939 F.2d 1558, 1565 (Fed. Cir. 1991) (Rich, J., dissenting) (asserting that “[i]nvalid claims can perfectly well be infringed . . . . Courts constantly hold claims infringed but invalid”).
\bibitem{35} \textit{Medtronic}, 721 F.2d at 1583 (“Though an invalid claim cannot give rise to liability for infringement, whether it is infringed is an entirely separate question capable of determination without regard to its validity.”); see also Altvater v. Freeman, 319 U.S. 359, 363, 365-66 (1943) (holding that a finding of noninfringement does not render moot the claim of invalidity); Carman Indus., Inc. v. Wahl, 724 F.2d 932, 936 n.2 (Fed. Cir. 1983) (holding that the district court erroneously combined the issues of validity and infringement).
\bibitem{37} 35 U.S.C. § 282.
\bibitem{39} 35 U.S.C. § 282. An alleged infringer may also bring an action for declaratory judgment of invalidity, if there is a "reasonable threat that the patentee . . . will bring an
A federal court determines the validity of a patent using the same statutory patentability requirements used in the PTO's initial examination. However, in resolving the issue of a patent's validity, the court is not limited to a review of the correctness of the examination—a litigant may introduce other evidence, such as expert testimony, relevant to the patent's validity. A court analyzes each patent claim independently, holding the claim invalid only if an accused infringer overcomes the presumption of validity with clear and convincing evidence. If the accused infringer does not meet his evidentiary burden, infringement action against [him]." Arrowhead Indus. Water, Inc. v. Ecolochem, Inc., 846 F.2d 731, 736-37 (Fed. Cir. 1988); see also 28 U.S.C. § 2201 (2000); Goodyear Tire & Rubber Co. v. Releasomers, Inc., 824 F.2d 953, 955 (Fed. Cir. 1987). Where validity is not at issue, a trial court is not required to decide validity. See Pall Corp. v. Hemasure Inc., 181 F.3d 1305, 1308 & n.2 (Fed. Cir. 1999) (citing Cardinal Chem. Co. v. Morton Int'l, Inc., 508 U.S. 83 (1993)); Lannom Mfg. Co., Inc. v. U.S. Int'l Trade Comm'n, 799 F.2d 1572, 1579 (Fed. Cir. 1986) ("It is beyond cavil that a district court does not have authority to invalidate a patent at its own initiative if validity is not challenged by a party.").


41. See Applied Materials, Inc. v. Advanced Semiconductor Materials Am., Inc., 98 F.3d 1563, 1569 (Fed. Cir. 1996); Panduit Corp. v. Dennison Mfg. Co., 774 F.2d 1082, 1094 (Fed. Cir. 1985), vacated, 475 U.S. 809 (1986). The court owes some deference to the decisions of the PTO, particularly where the PTO has reviewed a piece of prior art that is before the court. See Minn. Mining & Mfg. Co. v. Johnson & Johnson Orthopaedics, Inc., 976 F.2d 1559, 1572 (Fed. Cir. 1992). The presentation of additional evidence at trial that was not considered by the PTO does not change the presumption of validity, but it may make the burden easier to carry. Applied Materials, 98 F.3d at 1569.

42. 35 U.S.C. § 282; Amazon.com, Inc. v. Barnesandnoble.com, Inc., 239 F.3d 1343, 1351 (Fed. Cir. 2001) (holding that "infringement and validity analyses must be performed on a claim-by-claim basis"); Brown & Williamson Tobacco Corp. v. Phillip Morris Inc., 229 F.3d 1120, 1124 (Fed. Cir. 2000); Ortho Pharm. Corp. v. Smith, 959 F.2d 936, 942 (Fed. Cir. 1992) (interpreting § 282 to require that all grounds of invalidity must be evaluated against each individual claim); Carella v. Starlight Archery & Pro Line Co., 804 F.2d 135, 138 (Fed. Cir. 1986); RCA Corp. v. Applied Digital Data Sys., Inc., 730 F.2d 1440, 1444 (Fed. Cir. 1984). Although the statute does not set forth the appropriate standard of review, the Federal Circuit has recognized the standard to be clear and convincing evidence. See, e.g., Brown & Williamson, 229 F.3d at 1124; Carella, 804 F.2d at 138. Although not precisely defined, clear and convincing evidence is an intermediate standard described as "evidence which produces in the mind of the trier of fact an abiding conviction that the truth of [the] factual contentions are "highly probable.""

Buildex Inc. v. Kason Indus., Inc., 849 F.2d 1461, 1463 (Fed. Cir. 1988) (alteration in original) (quoting Colorado v. New Mexico, 467 U.S. 310, 316 (1984)). Any of the statutory requirements of patentability are adequate grounds for invalidating a claim of an issued patent. 35 U.S.C. § 282; see, e.g., Process Control Corp. v. HydReclaim Corp., 190 F.3d 1350, 1358-59 (Fed. Cir. 1999) (holding claims invalid because they failed to satisfy the utility requirement of
the court will uphold the validity of one or more of the claims, finding that they are “not invalid” based on the record.\textsuperscript{43}

Although infringement and validity are separate issues at trial, a defendant is liable only for infringing valid patent claims.\textsuperscript{44} If some claims of a patent are invalid, then a court determines the infringer’s liability on the basis of any remaining valid claims.\textsuperscript{45} If all claims of a patent are invalid, then the accused infringer is not liable for infringement.\textsuperscript{46}

B. Administrative Review of Patentability—Reexamination

Initially, Congress vested power to invalidate patents primarily in the district courts, although the PTO also had limited power in this area.\textsuperscript{47} In an effort to reduce the amount of patent litigation in the federal courts, Congress enacted the Ex Parte Reexamination Statute in December 1980.\textsuperscript{48} The statute establishes an administrative proceeding that allows


\textsuperscript{43} See, e.g., Miles Labs., Inc. v. Shandon, Inc., 997 F.2d 870, 875 (Fed. Cir. 1993); \textit{Panduit Corp.}, 810 F.2d at 1569-70 (finding that the patent challenger did not carry the “burden of establishing invalidity in the particular case before the court” under 35 U.S.C. § 282); Shelcore, Inc. v. Durham Indus., Inc., 745 F.2d 621, 627 (Fed. Cir. 1984) (“A patent is not held valid for all purposes but, rather, not invalid on the record before the court.”).

\textsuperscript{44} Spectra-Physics, Inc. v. Coherent, Inc., 827 F.2d 1524, 1535 (Fed. Cir. 1987); Medtronic, Inc. v. Cardiac Pacemakers, Inc., 721 F.2d 1563, 1583 (Fed. Cir. 1983); see also Altwater v. Freeman, 319 U.S. 359, 363-64 (1943); Carman Indus., Inc. v. Wahl, 724 F.2d 932, 936 n.2 (Fed. Cir. 1983).

\textsuperscript{45} 35 U.S.C. § 288.

\textsuperscript{46} \textit{See Medtronic}, 721 F.2d at 1582-83.


any party to challenge the validity of a patent without resorting to costly litigation. The statute allows "any person at any time" to file a request to have a patent reexamined by the PTO if that person believes that there is an issue regarding patentability that was not considered during the initial examination.

Congress intended the ex parte reexamination procedure to provide three benefits. First, reexamination allows parties to resolve validity disputes through the PTO without expensive litigation. Second, reexamination allows the federal district courts to benefit from the expertise of the PTO in reviewing prior art. Third, reexamination may strengthen confidence in patents that are clouded by a defective initial examination. While individuals and courts have realized these benefits, challengers have not used the ex parte reexamination procedure as often as Congress anticipated, leaving many of the validity debates for the federal court system to resolve.

No. 96-1307, pt. 1, at 3-4 (1980), reprinted in 1980 U.S.C.C.A.N 6460, 6462-63. Congress intended the new reexamination procedure to permit resolution of patent validity disputes without lengthy and expensive litigation. Id.; see also Motsenbocker, supra note 13, at 892. Congress estimated that the cost of a reexamination in the PTO could be 100 times less than a court-rendered validity determination. Id.


50. 35 U.S.C. § 302. This includes, for example, a patent owner, a licensee, or another third-party requester. SCHECHTER & THOMAS, supra note 16, § 19.6.4.1. The Director may initiate a reexamination, 35 U.S.C. § 303(a), although this rarely occurs. See Morgan & Stoner, supra note 9, at 459 tbl.13A (citing statistics from the 2003 USPTO Performance and Accountability Report, showing that for the years 1999–2003 only about four percent of the requests were initiated by the Commissioner). By comparison, patent owners initiate approximately forty-three percent, and third parties initiate approximately fifty-three percent of reexamination requests. Id. The requirement of "substantial new question of patentability" prevents patentees from having to respond to unjustified reexaminations. Kaufmann Co. v. Lantech Inc., 807 F.2d 970, 976 (Fed. Cir. 1986) (citing H.R. REP. NO. 96-1307, pt. 1, at 7, reprinted in 1980 U.S.C.C.A.N at 6466).


52. See Recreative Techs., 83 F.3d at 1396; Kaufman, 807 F.2d at 976.


54. Recreative Techs., 83 F.3d at 1396. It is for this reason that a patent owner may want to initiate a reexamination of his own patent. See Asher, supra note 4, at 6.

The procedure for ex parte reexamination is relatively straightforward. Any person, including the patent owner, may submit a reexamination request to the PTO, along with patents and printed publications that the requester believes are relevant to the patentability of the patent. After reviewing the request, if the PTO determines that there is a "substantial new question of patentability," the PTO will order a reexamination of the patent. At this point, the patent owner has an opportunity to make a statement regarding the patentability of the patent in light of the prior art. A third-party requester has an opportunity to respond to a patent owner's statement, but this is the requester's last contribution to the examination. The assigned examiner then considers the patent, the cited references, and the statements, examining the patent using the same guidelines as the initial PTO examination. In essence, the reexamination procedure allows the PTO to review the patent again, correcting errors made during the initial examination.

59. Id.
60. See id. ("If the patent owner files such a statement, he promptly will serve a copy of it on the person who has requested reexamination . . . that person may file and have considered in the reexamination a reply to any statement filed by the patent owner."); In re Opprecht, 868 F.2d 1264, 1265 (Fed. Cir. 1989) (noting that Congress intended to provide limits to the participation of third parties so that the reexamination procedure would closely parallel the existing examination procedures). However, in actuality, not all ex parte reexaminations are truly ex parte. See In re Etter, 756 F.2d 852, 862 (Fed. Cir. 1985) (Nies, J., concurring). In Etter, Justice Nies noted that the ex parte reexamination at issue was not truly ex parte in nature—the alleged infringer "forced the reexamination, filed a brief analyzing the art[,] . . . filed a reply to the patent owner's objection, was served with copies of examiner's actions[,] . . . and was permitted to intervene." Id.
61. 35 U.S.C. § 305. However, some special rules pertain to reexaminations. SCHECTER & THOMAS, supra note 16, § 19.6.4.1. For example, the PTO must conduct all reexamination proceedings with "special dispatch." 35 U.S.C. § 305. In addition, the patent owner may not enlarge the scope of his invention by amending claims or introducing new claims. Id.
62. See Patlex Corp. v. Mossinghoff, 758 F.2d 594, 601, 603 (Fed. Cir.), modified, 771 F.2d 480 (Fed. Cir. 1985) (finding that the reexamination statute is in the class of curative statutes, intended "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"); In re Portola Packaging, Inc., 110 F.3d 786, 791 (Fed. Cir. 1997) ("[A] rejection made during reexamination does not raise a substantial new question of patentability if it is supported only by prior art previously considered by the PTO."); see also In re Recreative Techs. Corp., 83 F.3d 1394, 1397-99 (Fed. Cir. 1996) (holding that in
The presumption of validity afforded the patent in litigation does not apply to the reexamination procedure. Instead, the PTO examines patentability anew in light of the newly presented prior art. If the examiner rejects one or more of the claims, the patentee must persuade the examiner by a preponderance of the evidence that his patent satisfies the statutory requirements. The patent owner may amend claims and add new claims to the patent during reexamination. However, the patent owner may not enlarge the scope of the patent beyond what was initially claimed.

The result of reexamination may be: (1) the PTO upholds patent in its entirety; (2) the PTO upholds the patent, but its scope is narrowed by the cancellation or amendment of one or more claims; or (3) the PTO cancels all of the patent claims. If the PTO affirms all of the claims in original or amended form, the PTO issues a certificate of confirmation, and the reexamined patent is again presumed valid.

a reexamination, an examiner may not reject a claim based solely on prior art cited in the initial examination); M.P.E.P., supra note 18, § 2258.01.

63. Bruning v. Hirose, 161 F.3d 681, 685 (Fed. Cir. 1998); Laitram Corp. v. NEC Corp., 952 F.2d 1357, 1360 (Fed. Cir. 1991), rev'd, 62 F.3d 1388 (Fed. Cir. 1995); Etter, 756 F.2d at 856 (holding that the reexamination is intended to be neutral).

64. Laitram, 952 F.2d at 1360 (“Reexamination provides a mechanism . . . to review and correct an initial examination. Thus reexamination is conducted afresh, without the burdens and presumptions that accompany litigation of an issued patent.” (footnote omitted)); Etter, 756 F.2d at 857-58.

65. Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1427 (Fed. Cir. 1988); In re Caveney, 761 F.2d 671, 674 (Fed. Cir. 1985). Because the PTO has already determined that a substantial new question of patentability exists, it is likely that the PTO will reject one or more claims in a first office action. SCHECTER & THOMAS, supra note 16, § 19.6.4.1.


67. Id.; see also Portola Packaging, 110 F.3d at 791 (“It is clear that the scope of a patent claim may not be enlarged by amendment during reexamination.”).

68. 35 U.S.C. § 307(a). At the conclusion of the reexamination proceeding, the Director issues a Certificate of Patentability (or Unpatentability) “canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.” Id.

69. Id. § 307(a); see also SCHECTER & THOMAS, supra note 16, § 19.6.4.1. Those claims that survive reexamination are subject to the doctrine of intervening rights, which protects third parties who relied on the wording of the claims of the original patent before it was amended. 35 U.S.C. §§ 252, 307(b). The Federal Circuit has applied the doctrine as follows:

Claims amended during reexamination are entitled to the date of the original patent if they are without substantive change or are legally “identical” to the claims in the original patent. If not “identical,” the patentee has no right to recover infringement damages for periods prior to the date that the reexamination certificate issued.

Tennant Co. v. Hako Minuteman, Inc., 878 F.2d 1413, 1417 (Fed. Cir. 1989). In addition, courts may authorize continued practice of the claimed invention “to the extent and under
determines that the claims are unpatentable, the PTO issues a certificate canceling the claims, and the claims become unenforceable.70

As with an initial examination, a patent owner may appeal an examiner's decision to the PTO's Board of Patent Appeals or, if that fails, bring a civil suit in federal court.71 However, in an ex parte reexamination, a third-party requester has no right to appeal the examiner's decision—only the patent owner may appeal.72

More recently, Congress adopted an additional inter partes reexamination procedure that allows limited participation by a third-party requester.73 The procedure for filing a request and the procedure for ordering a reexamination are essentially the same as the ex parte reexamination procedures.74 Although the record of the reexamination is limited to patents and printed publications, the inter partes reexamination allows a third-party requester to participate in the reexamination beyond the initial submission.75

However, challengers do not frequently utilize the inter partes reexamination procedure.76 This is in part because the inter partes

such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the [reexamination].” 35 U.S.C. § 252.

71. Id. §§ 134, 141, 145, 306.
72. See id.; In re Opprecht, 868 F.2d 1264, 1265-66 (Fed. Cir. 1989) (denying the motion of an alleged third-party infringer to intervene or file an amicus curiae in the patent owner's appeal from an adverse decision in reexamination). Generally, third parties may not intervene in appeals. Id. at 1265. While the Federal Circuit acknowledged that the court has discretion to grant a request for intervention, it concluded that mere interest in the outcome is insufficient to support intervention. Id. at 1266. Compare id., with In re Merck & Co., 800 F.2d 1091, 1091-93 (Fed. Cir. 1986) (permitting intervention by a third party who protested a prior reissue of the patent, and was party in related litigation), and Reed v. Quigg, No. 85-2762, 1986 U.S. Dist. LEXIS 25538, at *3-4, *10-11, 230 U.S.P.Q. (BNA) 62, 63, 65 (D.D.C. May 13, 1986) (permitting intervention by third party who had a sufficiently protectable interest and agreed to limit his intervention to patents and publications).

74. See 35 U.S.C. §§ 311-313. Like ex parte reexamination, the requester must present evidence of prior art in the form of patents and printed publications. Id. §§ 301, 311.

75. See id. § 314 (“Each time that the patent owner files a response to an action . . . the third-party requester shall have one opportunity to file written comments addressing issues raised by the action of the Office or the patent owner’s response thereto.”).
reexamination procedure is only available to challenge patents filed after November 29, 1999. In addition, inter partes reexamination includes an estoppel provision requiring the requesting party to waive his right to litigate any issues that were raised or could have been raised before the PTO. Finally, an adjudicated infringer may not request an inter partes reexamination to challenge a patent if the request is based on issues he raised or could have raised in a prior civil action.

In summary, Congress has granted concurrent power to both the PTO and the federal district courts to invalidate patents. However, parties may not avail themselves of one or more these proceedings if barred by the doctrine of res judicata, and, more particularly, collateral estoppel.

one, four, and twenty-one, respectively); M. Patricia Thayer et al., Examining Reexamination: Not Yet an Antidote to Litigation, 5 SEDONA CONF. J. 23, 23 n.2 (2004) (noting that from January 1999 through October, 2003, only twenty-eight inter partes reexamination requests were filed); Frederick C. Williams, Giving Inter Partes Patent Reexamination a Chance To Work, 32 AIPLA Q.J. 265, 278-79 (2004).

77. Thayer et al., supra note 76, at 23 n.2.
78. 35 U.S.C. § 315. As the statute notes:

A third-party requester . . . is estopped from asserting at a later time, in any civil action . . . the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or could have raised during the inter partes reexamination proceedings. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the inter partes reexamination proceedings.

Id. During a 2004 roundtable discussion, witnesses expressed concerns about the estoppel provision, claiming it “dampens the enthusiasm of the patent bar for this new proceeding.” Patent and Trademark Office/Interferences: Patent Practitioners Cite Ongoing Inequities in PTO System for Challenging Issued Patents, 67 Pat. Trademark & Copyright J. (BNA) 365, 366 (Feb. 27, 2004). The witnesses identified other weaknesses in the procedure, including the “inability to conduct meaningful discovery and to cross-examine a declarant,” as well as the restricted bases for initiating a reexamination proceeding. Id. As a result, the PTO proposed a new postgrant review process, submitted to Congress in February 2002. See PTO Reexamination Report, 69 Pat. Trademark & Copyright J. (BNA) 204, 208 (Dec. 24, 2004).

79. 35 U.S.C. § 317(b). Section 317 specifies that

[one final decision has been entered against a party in a civil action arising in whole or in part under section 1338 of title 28, United States Code, that the party has not sustained its burden of proving the invalidity of any patent claim in suit . . . then neither that party nor its privies may thereafter request an inter partes reexamination of any such patent claim on the basis of issues which that party or its privies raised or could have raised in such civil action . . . .]

Id.

81. See discussion infra Part III.
III. COLLATERAL ESTOPPEL

As with any final judgment, after a district court rules on validity and infringement, it may not reopen the case. Thus, a losing party has limited alternatives to challenge the judgment. One option is that a losing party may make a posttrial motion for a new trial, or for relief from the judgment. Another option is direct appeal—either party may appeal to the Court of Appeals for the Federal Circuit. Beyond these

82. RESTATEMENT (SECOND) OF JUDGMENTS § 17 (1982) ("A valid and final personal judgment is conclusive between the parties, except on appeal or other direct review."); see also id. § 18 ("When a valid and final personal judgment is rendered in favor of the plaintiff the plaintiff cannot thereafter maintain an action on the original claim or any part thereof.").

83. See Jamesbury Corp. v. Litton Indus. Prods., Inc., 839 F.2d 1544, 1550 (Fed. Cir. 1988).

84. Fed. R. Civ. P. 59 (motion for new trial); id. 60(b) (motion for relief from the judgment). If the losing party believes that there were errors in the trial process, or serious errors in a jury verdict, a losing party may move for a new trial. See id. 59; Standard Havens Prods., Inc. v. Gencor Indus., Inc., 953 F.2d 1360, 1367 (Fed. Cir. 1991) (holding that a new trial is warranted if the verdict is against the "clear or great weight of the evidence"); Whalen v. Roanoke County Bd. of Supervisors, 769 F.2d 211, 226 (4th Cir. 1985) (indicating that a court should grant a motion for new trial where "required in order to prevent injustice" (quoting 11 CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 2805, at 38 (1973))); Goldsmith v. Diamond Shamrock Corp., 767 F.2d 411, 416 (8th Cir. 1985) (stating that to grant a new trial the verdict must be "against the 'clear weight,' 'overwhelming weight,' or 'great weight' of the evidence"); Lind v. Schenley Indus., Inc., 278 F.2d 79, 89 (3d Cir. 1960) (granting motion for new trial where result was "seriously erroneous"); JOSEPH W. GLANNON, CIVIL PROCEDURE 433-36 (4th ed. 2001). A court may relieve the party from the judgment if, for example, there is a mistake or newly discovered evidence that could not have been introduced in time for a motion for a new trial, or there is evidence of fraud or misrepresentations committed by the opposing party, or the law upon which the judgment is based has changed. Fed. R. Civ. P. 59(b); Norman H. Zivin & Wendy E. Miller, An Overview of a Patent Law Suit and the Decision To File, in 1 PATENT LITIGATION 1991, at 87, 144 (PLI Patents, Copyrights, Trademarks & Literary Prop., Course Handbook Series No. 320, 1991). A Rule 59 motion is to be filed no later than ten days after entry of judgment. Fed. R. Civ. P. 59. A party must make a Rule 60(b) motion within a reasonable time, and not more than a year after the final judgment in the case of mistake, newly discovered evidence, or fraud. Id. 60(b).

85. 28 U.S.C. § 1295; see also Marsh v. Austin-Fort Worth Coca-Cola Bottling Co., 744 F.2d 1077, 1079-80 (5th Cir. 1984). The Federal Circuit has exclusive appellate jurisdiction over any case arising under any patent law. 28 U.S.C. § 1295; see also Markman v. Westview Instruments, Inc., 517 U.S. 370, 390 (1996) (noting that Congress created the Federal Circuit in order to bring uniformity and certainty to the resolution of patent disputes). However, only parties adversely affected by the judgment may appeal. Jamesbury, 839 F.2d at 1550. Another option available to a losing party is a collateral attack on the judgment, such as an action to set aside a prior judgment. Zivin & Miller, supra note 84, at 146. However, this is usually unsuccessful because under the doctrines of collateral estoppel and res judicata, the parties are barred from relitigating issues previously decided. See discussion infra Part III.A. A party may appeal issues of validity and infringement, but that party must have raised the appealed issue before the district
options, the doctrines of res judicata and collateral estoppel preclude litigants from relitigating issues, favoring the finality of the judgment.  

A. Collateral Estoppel Prevents Some Parties from Relitigating the Issue of Patent Validity

With respect to judicial proceedings, the principle of collateral estoppel, also known as issue preclusion, prevents parties from relitigating issues that a court has already decided.  Federal courts apply collateral estoppel when four requirements are met:

"(1) the issue at stake is identical to the one involved in the prior proceeding; (2) the issue was actually litigated in the prior proceeding; (3) the determination of the issue in the prior litigation must have been a 'critical and necessary part' of the judgment in the first action; and (4) the party against whom collateral estoppel is asserted must have had a full and fair opportunity to litigate the issue in the prior proceeding."  

Regarding the first requirement of collateral estoppel, the federal courts construe the identicality requirement broadly with respect to patent validity, stating that collateral estoppel bars in the later proceeding all arguments pertaining to the patent's validity that were actually raised, or that could have been raised, in the earlier proceeding.  

The second requirement—that the issue was actually litigated in the prior proceeding—is satisfied "if the parties to the original action disputed the issue and the trier of fact resolved it."  

The third requirement—that the resolution of the issue was a critical and necessary part of the previous judgment—seeks to prevent issue preclusion on the basis of an incidental determination of a nonessential issue in the earlier decision. With respect to patent infringement, a court's finding of validity is a critical and necessary part of a


89. See Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found., 402 U.S. 313, 334 (1971) (validity); Dana, 342 F.3d at 1321 (validity and infringement); Mother's Rest. Inc. v. Mama's Pizza, Inc., 723 F.2d 1566, 1570 (Fed. Cir. 1983).
90. Mother's Rest., 723 F.2d at 1570 (quoting Cont'l Can Co. v. Marshall, 603 F.2d 500, 596 (7th Cir. 1979)).
91. Id. at 1571. Some courts have held that this does not necessarily require that the prior judgment relied upon resolution of the issue. See, e.g., id.
determination of liability because an infringer cannot be liable for infringing an invalid claim. 92

As to the fourth requirement, the courts generally hold that a party has had a full and fair opportunity to litigate an issue when a prior court proceeding has resulted in a final judgment on that issue. 93 Courts may find exceptions to this rule, however, if there is a reason to doubt the quality, extensiveness, or fairness of procedures followed in the prior litigation. 94 But generally, a district court's judgment is final and retains its preclusive effect, even during the pendency of an appeal. 95

Traditionally, only the original litigants were affected by collateral estoppel. 96 However, in the context of patent invalidity, the Supreme Court approved the use of "nonmutual" collateral estoppel. 97 In other words, after a court holds that a patent is invalid, the patent owner is collaterally estopped from subsequently enforcing the invalid patent against another party. 98 On the other hand, when a court holds that a patent is not invalid, this determination is not binding on either the patent owner or subsequent defendants. 99 Consequently, the validity of a patent may be challenged by another defendant in another lawsuit until a court finally holds that the patent is invalid. 100

B. Collateral Estoppel Applies to Administrative Proceedings

It is generally accepted that the principles of collateral estoppel apply to administrative proceedings as well as judicial proceedings. 101 Administrative agencies have applied collateral estoppel to quasi-judicial proceedings to preclude a party from raising an issue that a federal court

94. Id.
95. See Pharmacia & Upjohn Co. v. Mylan Pharms., Inc., 170 F.3d 1373, 1381 (Fed. Cir. 1999) ("[T]he law is well settled that the pendency of an appeal has no effect on the finality or binding effect of a trial court's holding." (alteration in original) (quoting SSIH Equip. S.A. v. U.S. Int'l Trade Comm'n, 718 F.2d 365, 370 (Fed. Cir. 1983))).
96. RESTATEMENT (SECOND) OF JUDGMENTS § 27 & cmt. a (1982).
98. See id. However, the patent owner may proceed with a subsequent action by proving that he was denied a full and fair opportunity to litigate in the first action. See id. at 332-34.
99. Envtl. Designs, Ltd. v. Union Oil Co. of Cal., 713 F.2d 693, 699 n.9 (Fed. Cir. 1983).
100. See Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1570 (Fed. Cir. 1987) ("Thereupon, the patent simply remains valid until another challenger carries the § 282 burden.").
101. See, e.g., Graybill v. U.S. Postal Serv., 782 F.2d 1567, 1571 (Fed. Cir. 1986) (invoking collateral estoppel to preclude a postal employee convicted of a crime from rearguing his innocence before the Merit Systems Protection Board).
has already decided.\textsuperscript{102} The federal courts tend to justify application of collateral estoppel to quasi-judicial agency proceedings on the basis that the doctrine’s underlying principles of judicial efficiency and finality of judgments also apply to administrative proceedings.\textsuperscript{103} The Federal Circuit has applied principles of collateral estoppel to the PTO, and more specifically, to ex parte reexamination proceedings.\textsuperscript{104} For example, where a federal court holds a patent invalid, the PTO applies collateral estoppel to preclude a patent owner from requesting ex parte reexamination of the invalid patent.\textsuperscript{105}

In summary, application of collateral estoppel to findings of patent validity yields several general rules.\textsuperscript{106} The PTO’s finding that a patent is

\textsuperscript{102}See, e.g., id.
\textsuperscript{103}See id. (citing Chisholm v. Def. Logistics Agency, 656 F.2d 42, 46 (3d Cir. 1981)); cf. United States v. Utah Constr. & Mining Co., 384 U.S. 394, 422 (1966) ("When an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate, the courts have not hesitated to apply \textit{res judicata} to enforce repose."). See generally 2 RICHARD J. PIERCE, JR., ADMINISTRATIVE LAW TREATISE § 13.4 (4th ed. 2002).
\textsuperscript{104}See, e.g., In re Freeman, 30 F.3d 1459, 1465-67 (Fed. Cir. 1994). In \textit{Freeman}, the Federal Circuit held that collateral estoppel applied in an ex parte reexamination proceeding to bar the patent owner from asserting a claim interpretation that differed from the district court’s prior claim construction ruling. \textit{Id.} at 1467. The patentee argued that estoppel should not apply because procedural opportunities were available to the patentee that were not available during litigation, but the court rejected this argument, stating that “application of the doctrine of issue preclusion is not precluded on the basis of any procedural opportunity available in the PTO and not available in the district court.” \textit{Id.} at 1469; see also Marlow Indus., Inc. v. Igloo Prods. Corp., 65 F. App’x 313, 319 (Fed. Cir. 2003) (holding district court’s claim construction as binding on the PTO in later ex parte reexamination; patentee committed inequitable conduct by failing to provide the Office with court’s claim construction orders). In \textit{Ethicon, Inc. v. Quigg}, 849 F.2d 1422 (Fed. Cir. 1998), the Federal Circuit noted that the PTO is bound by a court’s decision that a patent is invalid. \textit{Id.} at 1426. The court addressed the issue of whether the Commissioner had the authority to stay a timely-filed ex parte reexamination request by a third party pending the outcome of litigation involving the same patent. \textit{Id.} The Federal Circuit concluded that the Commissioner lacked authority to stay the reexamination because a stay was not consistent with the congressional intent that the reexamination proceeding “provide an efficient and relatively inexpensive procedure for reviewing the validity of patents which would employ the PTO’s expertise.” \textit{Id.} The court further noted 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.” \textit{Id.} at 1429.
\textsuperscript{105}See M.P.E.P., \textit{supra} note 18, § 2242(III)(C) ("A final holding of claim invalidity or unenforceability . . . is controlling on the Office."); \textit{see also id.} § 2286. The PTO will deny an ex parte request for reexamination if a court has issued a final ruling of invalidity because “[i]n such cases a substantial new question of patentability would not be present as to the claims finally held invalid or unenforceable.” \textit{Id.} § 2242(III)(C). If a court issues a final ruling of invalidity after the PTO has granted reexamination, the “reexamination will be terminated.” \textit{Id.} § 2286(IV).
\textsuperscript{106}See Allen M. Leung, \textit{Legal Judo: Strategic Applications of Reexamination Versus an Aggressive Adversary} (Part I), 84 J. PAT. & TRADEMARK OFF. SOC’Y 471, 484-86
unpatentable is binding on the patent owner in pending and future litigation.\textsuperscript{107} Likewise, a court's determination that a patent is invalid is binding on both litigants in pending and future litigation.\textsuperscript{108} It is also binding on the patent owner in concurrent or future reexamination proceedings conducted by the PTO.\textsuperscript{109} In contrast, the PTO's finding of patentability does not necessarily bind the patent owner or alleged infringer in subsequent litigation.\textsuperscript{110} Finally, a court's final judgment that a patent is not invalid has a binding effect only on a defendant who has had a full and fair opportunity to litigate validity—it does not have a binding effect on the patent owner in future litigation or in proceedings before the PTO.\textsuperscript{111}
The PTO and the federal district courts may independently reach contradictory conclusions on the issue of a patent's validity. Therefore, it is worthwhile to consider the respective weight of each conclusion, based on the power and relationship of the coordinate branches of the federal government.

IV. SEPARATION OF POWERS AS APPLIED TO PTO AND FEDERAL COURTS

A. Separation of Powers Prohibits a Direct Administrative Review of a Judicial Decision

The Constitution empowers the executive branch of the federal government to execute the laws of the United States, a power that is enabled by various administrative agencies. The PTO is an administrative agency, created by Congress and situated within the Department of Commerce. As an administrative agency, the PTO's powers are as broad as those delegated by Congress in the agency's enabling statute. Beyond the powers expressly delegated by Congress, the PTO is limited by the powers granted to the coordinate branches of the federal government. One of the fundamental limitations on an agency's power is the prohibition of administrative review of Article III court decisions.

the litigation after final judgment. Ethicon, 849 F.2d at 1429 n.3 (quoting Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1570 (Fed. Cir. 1987)).

112. Ethicon, 849 F.2d at 1428.
113. See discussion infra Parts IV.A-B.
114. See U.S. CONST. art. II, § 2, cl. 2.
A federal district court derives its power from Article III of the Constitution, which allocates the judicial power of the United States to "one Supreme Court and in such inferior Courts as the Congress may from time to time ordain and establish." The Constitution empowers Article III courts to decide cases or controversies. While the duty of the judicial branch is to interpret and apply the law, an Article III court may not render advisory opinions. As such, another branch of government may not review a judgment entered by an Article III court, otherwise the court's decision would be merely advisory.

Consequently, review of federal court decisions must remain within the federal judiciary. Only a federal court of appeals or the Supreme Court may review a federal district court's judgment and only the Supreme Court may review the judgment of a federal court of appeals. The Supreme Court "is the tribunal which is ultimately to decide all judicial questions confided to the Government of the United States. No appeal is given from its decisions, nor any power given to the legislative or executive departments to interfere with its judgments."

Although Congress has limited power to alter the jurisdiction of Article III Courts, the Supreme Court has held that Congress cannot "prescribe a rule for the decision of a cause in a particular way," nor may Congress, consistent with constitutional principles, provide for executive branch review of a judicial determination. Article III courts, therefore, "render no judgments not binding and conclusive on the parties and none that are subject to later review or alteration by administrative action." An administrative agency may disregard a court's judgment only if the court was not authorized to render it.

120. U.S. CONST. art. III, § 1.
121. Id. art. III, § 2, cl. 1.
126. Id.
129. Id. (refusing to give effect to a proviso that prescribed to the judiciary the effect to be given to a Presidential pardon); see also United States v. Sioux Nation of Indians, 448 U.S. 371, 402-05 (1980); Chi. & S. Air Lines v. Waterman S.S. Corp., 333 U.S. 103, 113-14 (1948); Ferreira, 54 U.S. (13 How.) at 49-52; Hayburn's Case, 2 U.S. (2 Dall.) 409, 410 n.† (1792).
131. See id.
Otherwise, an administrative agency such as the PTO is without authority to overturn or ignore a federal court judgment.  

B. Judicial Review of Administrative Actions

While administrative agencies may not review judicial decisions, judicial review of administrative action is vital to the integrity of our government, preserving the proper function of the judicial branch. However, while judicial review is generally favored, not all administrative actions are reviewable. Rather, Congress must expressly or impliedly grant a right to judicial review through legislation. The PTO's patentability determinations are but one example of judicially reviewable administrative actions—Congress empowered the Federal Circuit to directly review the PTO's decisions. In addition, the United States Code empowers the federal district courts to adjudicate patentability and validity disputes.

In reviewing the PTO's patentability decisions, the Federal Circuit applies a deferential "substantial evidence" standard, set forth in the Administrative Procedure Act (APA). However, this standard is less deferential than the standard of review applied by a district court to a patent validity dispute, where a patent enjoys a presumption of validity that a challenger may only overcome with clear and convincing evidence of invalidity. Despite conflicting standards, the courts have not yet determined whether the APA standard will supplant the clear and convincing standard for questions of validity.

---

132. See id. at 113. The Supreme Court held that "[j]udgments within the powers vested in the courts by the Judiciary Article of the Constitution may not lawfully be revised, overturned or refused full faith and credit by another Department of Government." Id.


134. See id.

135. See id.


139. 5 U.S.C. §§ 551-559, 701-706, 1305, 3105, 3344, 4301, 5335, 5372, 7521.


141. See, e.g., Superior Fireplace Co. v. Majestic Prods. Co., 270 F.3d 1358, 1367-68 (Fed. Cir. 2001) (declining to address whether the APA standards of appellate review supplant the clear and convincing standard as "a complex question that the parties have not fully briefed"). The Federal Circuit felt that "[g]iven the importance of this APA issue
C. Judicial Deference to PTO Actions

Beyond the initial examination, the PTO does not have exclusive jurisdiction over the matter of patent validity, but as indicated above courts still generally defer to the expertise of the PTO. One of the main purposes of the reexamination statute is to allow the courts to benefit from the PTO's expertise. Accordingly, courts have recognized that a reexamination confirming patentability is evidence of validity.

and its prominence in light of the Supreme Court's decision in *Dickinson v. Zurko* we expect that it will resurface "in a case in which the decision will turn on that [issue]." *Id.* at 1368 (second alteration in original) (citation omitted) (quoting *In re Brana*, 51 F.3d 1560, 1569 (Fed. Cir. 1995)).

142. See *Constant v. Advanced Micro-Devices*, Inc., 848 F.2d 1560, 1564 (Fed. Cir. 1988) (holding that Congress was acting within its constitutional powers when it delegated power to the courts to adjudicate validity of patents and when it created a concurrent administrative mechanism for the review of patents via the reexamination procedure); *Brunswick Corp. v. Riegel Textile Corp.*, 752 F.2d 261, 270 (7th Cir. 1984) (stating that the "validity of a patent is a question of law, which a court decides with some but not great deference to decisions of the Patent Office"); *Johnson & Johnson, Inc. v. Wallace A. Erickson & Co.*, 627 F.2d 57, 61 (7th Cir. 1980) (holding that a court has the power to invalidate a patent independent of the PTO's determination in a reissue proceeding). The last two cases refer to the doctrine of primary jurisdiction, which is an administrative theory concerned with the proper distribution of authority between administrative agencies and the judicial system. See United States v. W. Pac. R.R. Co., 352 U.S. 59, 63 (1956). The doctrine of primary jurisdiction permits a court to suspend the judicial process in order to refer an issue to an agency that has "special competence." *Id.* at 64. There are traditionally two situations in which courts will invoke the doctrine of primary jurisdiction. See *RCA Corp.*, 467 F. Supp. at 101. Courts will use the doctrine when (1) there is "a perceived need for uniformity in regulation" and (2) "in situations where that agency had some kind of expertise which would be otherwise unavailable to a court." *Id.* Courts have held that the doctrine of primary jurisdiction does not apply to the review of the validity of patents. See, e.g., *Brunswick*, 752 F.2d at 270; *Johnson & Johnson*, 627 F.2d at 61. Courts have generally recognized that "while the expertise of the PTO might well be of assistance... the PTO is not 'uniquely qualified' to pass on the validity of the patent." *RCA Corp.*, 467 F. Supp. at 103. However, courts will generally defer to the PTO expertise, as exemplified by the statutory presumption of validity for issued patents. See, e.g., Nat'l Bus. Sys. v. AM Int'l, Inc., 743 F.2d 1227, 1232 (7th Cir. 1984) (citing Parker v. Motorola Inc., 524 F.2d 518, 521 (5th Cir. 1975) and Chi. Rawhide Mfg. Co. v. Crane Packing Co., 523 F.2d 452, 458 (7th Cir. 1975)). Accordingly, courts will defer to the expertise of the PTO with respect to the results of a patent reexamination. See *Ethicon v. Quigg*, 849 F.2d 1422, 1426 (Fed. Cir. 1988).

143. See *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983) ("[O]n purpose of the reexamination procedure is to eliminate trial of that issue (when the claim is canceled) or to facilitate trial of that issue by providing the district court with the expert view of the PTO (when a claim survives the reexamination proceeding.").

144. See *Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 961 (Fed. Cir. 1986) (holding that where the prior art introduced at trial is the same as that presented to the PTO in a reexamination, a district court, in considering patent invalidity, must give credence to a reexamination proceeding that upholds the validity of the patent claims); *Ralph Gonnocci Revocable Living Trust v. Three M Tool & Mach., Inc.*, No. 02-74796, 2003 U.S. Dist. LEXIS 24423, at *13, 68 U.S.P.Q.2d (BNA) 1755, 1759 (E.D. Mich."
In order for the courts to benefit from the PTO's expertise, Congress allows the district courts to liberally grant stays while the PTO reexamines a patent-in-suit. In exercising its discretion, a federal district court conducts a balancing test to determine whether to grant a stay until the PTO reaches a final decision. The test weighs the benefits of staying the litigation against the burdens associated with the delay. Among the factors considered are: (1) whether the stay unduly

Oct. 7, 2003) ("Although not binding on this Court, the PTO's decision will be admissible and carries a presumption of validity."); Steven M. Auvil, Note, Staying Patent Validity Litigation Pending Reexamination: When Should Courts Endeavor To Do So?, 41 CLEV. ST. L. REV. 315, 327 (1993) ("Although not binding, a decision by the Patent Office upholding the validity of reexamined patent claims is strong evidence that a district court must consider in assessing whether the party asserting invalidity has met its burden ...."). But see Amphenol T&M Antennas Inc. v. Centurion Int'l Inc., No. 00 C 4298, 2002 U.S. Dist. LEXIS 822, at *4-5, 69 U.S.P.Q.2d (BNA) 1798, 1800 (N.D. Ill. Jan. 17, 2002) (holding that evidence that a patent will be reexamined is barred because it is of little probative value and may be highly prejudicial to the issue of validity).


147. See Middleton, 2004 WL 198669, at *3. Among the advantages of staying proceedings pending the outcome of a reexamination are:

1. All prior art presented to the Court will have been first considered by the PTO, with its particular expertise.
2. Many discovery problems relating to prior art can be alleviated by the PTO examination.
3. In those cases resulting in effective invalidity of the patent, the suit will likely be dismissed.
4. The outcome of the reexamination may encourage a settlement without the further use of the Court.
prejudices the non-moving party; (2) whether the reexamination could simplify issues in litigation; and (3) at what stage of litigation the motion is filed.148 If the court determines that the benefits outweigh the burdens, then it will grant the motion for stay.149

Courts give particular weight to the third factor, which considers the stage of litigation when the stay is requested.150 Although, in theory, the PTO conducts ex parte reexaminations with “special dispatch,” the reexamination and appeals process frequently takes more than a year.151

5. The record of reexamination would likely be entered at trial, thereby reducing the complexity and length of the litigation.

6. Issues, defenses, and evidence will be more easily limited in pretrial conferences after a reexamination.

7. The cost will likely be reduced both for the parties and the Court.


148. Werre v. Battenfeld Techs., Inc., No. Civ. 03-1471-AA, 2004 WL 2554568, at *1 (D. Or. Nov. 9, 2004); Softview Computer Prods., 2000 WL 1134471, at *2-3, 56 U.S.P.Q.2d (BNA) at 1635-36 (quoting Xerox Corp. v. 3Com Corp., 69 F. Supp. 2d 404, 406 (W.D.N.Y. 1999)); see also Auvil, supra note 144, at 331 (observing that the factors considered by the courts include: “(1) the technical expertise of the Patent Office; (2) the probable effect on the litigation that granting a stay would have; (3) the stage of the litigation at which the motion was filed; and (4) the adequacy of the patent owner's legal remedy”). Generally, the courts recognize that reexamination may eliminate many issues in the pending litigation. Middleton, 2004 WL 1968889, at *3. Even if the claims are not found invalid, the reexamination may result in narrowing of the scope of the patent, which simplifies the issues before the court. See, e.g., Werre, 2004 WL 2554568, at *1; Loffland Bros. Co. v. Mid-Western Energy Corp., No. CIV-83-2255-E, 1985 WL 1483, at *2, 225 U.S.P.Q. (BNA) 886, 887 (W.D. Okla. Jan. 3, 1985). In addition, the technical expertise of the PTO will help the Court in addressing any remaining issues. See Middleton, 2004 WL 1968869, at *3; Harris, 1991 WL 217666, at *3, 19 U.S.P.Q.2d (BNA) at 1789.


151. Xerox, 69 F. Supp. 2d at 406 n.1. (“[S]tatistics . . . show that the average pendency of re-examination before the PTO is 19.2 months not including any appeal.”); Toro Co. v. L.R. Nelson Corp., No. 81-1019, 1984 WL 1244, at *2, 223 U.S.P.Q. (BNA) 636, 637 (C.D. Ill. July 25, 1984) (stating defendant's argument that a reexamination proceeding could delay proceedings for a period of several years when factoring in time for appeal); Motsenbocker, supra note 13, at 894.
This delay can be problematic if the litigation has reached a stage where the parties and the courts have expended significant resources.\textsuperscript{152} Filing the motion to stay in the earlier stages of the litigation weighs in favor of granting the motion and suspending proceedings to await the results of the reexamination.\textsuperscript{153} If, however, the stay is sought at a later point in litigation, factors such as whether significant discovery or trial preparation have taken place weigh heavily in favor of denying the motion and proceeding with the litigation.\textsuperscript{154}

\begin{enumerate}
\item See Enprotech Corp. v. Autotech Corp., No. 88 C 4853, 1990 WL 37217, at *2, 15 U.S.P.Q.2d (BNA) 1319, 1320 (N.D. Ill. Mar. 16, 1990) (denying a motion to stay a trial where discovery was almost complete because "[w]e are too far along the road to justify halting the journey while the defendant explores an alternate route"). Recent data shows that in a typical patent infringement lawsuit where $1,000,000 to $25,000,000 is at stake, the average litigation costs are $2,000,000, while costs for discovery alone exceed $1,000,000. See Cheryl L. Johnson, \textit{Was Markman Wrong in Tasking Judges with Claim Construction? The Promises and the Reality, in HOW TO PREPARE \& CONDUCT MARKMAN HEARINGS 2004}, at 9, 88 (PLI Intellectual Prop., Course Handbook Series No. G-795, 2004) (citing data from American Intellectual Property Law Association, Report of the Economic Survey 2003 (2003)). For lawsuits involving less than $1,000,000, average litigation costs are approximately $500,000, of which $290,000 is for discovery. \textit{Id.} And for lawsuits involving more than $25,000,000, average litigation costs are approximately $3,995,000, of which $2,500,000 is for discovery. \textit{Id.}


\item Wayne Automation Corp. v. R.A. Pearson Co., 782 F. Supp. 516, 519-20 (E.D. Wash. 1991) (order denying motion to stay proceedings when nonmoving party had conducted extensive discovery and case was set for trial); Output Tech. Corp. v. Dataproducts Corp., No. C90-1782D, 1991 U.S. Dist. LEXIS 20168, at *7-8, 22 U.S.P.Q.2d (BNA) 1072, 1074 (W.D. Wash. Nov. 25, 1991) (order denying motion to stay proceedings when significant discovery had occurred and trial date was set); \textit{Enprotech}, 1990 WL 37217, at *1-2, 15 U.S.P.Q.2d (BNA) at 1320 (order denying motion to stay proceedings when discovery was nearly complete and case was set for trial); E.I. DuPont de Nemours & Co. v. Phillips Petroleum Co., 711 F. Supp. 1205, 1208 n.9 (D. Del. 1989) (noting reluctance to grant stay when litigation had advanced through trial, appeal, and remand); Freeman v. Minn. Mining & Mfg. Co., 661 F. Supp. 886, 888 (D. Del. 1987) (denying motion to stay proceedings when discovery had concluded, trial date was set, and the first of two consolidated actions was filed two and one-half years prior to the decision); \textit{Toro Co.}, 1984 WL 1244, at *2, 223 U.S.P.Q. (BNA) at 638 (denying motion to stay proceedings where the suit had been pending for over three years because the stay "would accomplish little, other than the delay of disposition of a suit which has, until now, run an overly protracted course"). If, however, the court believes that the potential benefits of the reexamination outweigh the disadvantages of the stay, the court may grant a stay. See, \textit{e.g.}, Gould v. Control Laser Corp., 705 F.2d 1340, 1342 (Fed. Cir. 1983) (order granting motion to stay proceedings five years into litigation and twenty days before trial);
If the reexamination occurs after the litigation, a stay is obviously unnecessary—instead, an infringer must seek relief from the judgment on the basis that the PTO has subsequently invalidated the patent-in-suit. Whether the courts will allow the PTO's reexamination results to control their final judgment depends, in part, upon whether the reexamination results may be applied retroactively.

D. Potential Retroactivity of PTO Actions

The Supreme Court has recognized that "the Constitution neither prohibits nor requires retrospective effect" of legislative or judicial actions. Accordingly, the Court has not applied a "principle of absolute retroactive invalidity" to subsequent rulings of invalidity on prior final judgments. Rather, once the Court determines that a ruling establishes a new principle of law, the Court considers the merits of each pending case, weighing the inequity imposed by retroactive application of the decision. The Court has used this principle of selective retroactivity in both civil and criminal cases.

Courts apply the same principle of selective retroactivity to administrative actions, particularly adjudicatory actions. When an agency adopts new policies, the circuit courts of appeal review the agency decisions by performing a balancing test to determine if it is unfair to

---

156. See discussion infra Part IV.D.
158. Id. at 627 (quoting Chicot County Drainage Dist. v. Baxter State Bank, 308 U.S. 371, 374 (1940)).
159. Chevron Oil Co. v. Huson, 404 U.S. 97, 106-07 (1971) (citing Linkletter, 381 U.S. at 629). In Chevron, the Supreme Court looked to the "prior history of the rule in question, its purpose and effect, and whether retrospective operation will further retard its operation." Id. at 107 (quoting Linkletter, 381 U.S. at 629). The Court concluded that a Louisiana one-year statute of limitations should not be applied retroactively because it "would deprive the respondent of any remedy whatsoever on the basis of superseding legal doctrine that was quite unforeseeable" and would produce "the most 'substantial inequitable results.'" Id. at 107-08 (quoting Cipriano v. City of Houma, 395 U.S. 701, 706 (1969)).
160. Id. at 105-06.
apply the modified policy retroactively. The reexamination of a patent is adjudicatory in nature, and is therefore held to the same test.

After a court reaches final judgment in a patent infringement suit, there is no bright-line rule regarding the controlling effect of a posttrial reexamination. In Standard Havens Products, Inc. v. Gencor Industries, Inc., in a motion for stay of injunction and stay of proceedings pending reexamination of the patent-in-suit, the defendant argued that a patent claim cancelled during reexamination would be void ab initio, thereby removing the basis for a judgment on infringement. The District Court for the Western District of Missouri disagreed, denying defendant's motions for stay of injunction and stay of proceedings, because the reexamination results could not void the court's final judgment. On appeal, the Federal Circuit reversed in a nonprecedential opinion, indicating that the final decision from the PTO's reexamination proceeding would control the injunction and damages award. While the district court discussed the fairness of the stay of injunction and the underlying public policy of the Reexamination Statute, the Federal Circuit did not comment on these issues, explaining its holding on the basis that the "issues of patent validity and infringement [were not] incorporated into a final judgment that would moot the issue of a stay pending completion of the [reexamination]."

The Federal Circuit in Standard Havens did not answer the question presented here—whether an adjudicated infringer may seek a second bite at the apple by requesting an ex parte reexamination of the patent-in-suit at the PTO, hoping for a nullification of the final judgment of the

162. See Retail, Wholesale & Dep't Store Union v. NLRB, 466 F.2d 380, 390 (D.C. Cir. 1972) (disapproving retroactive overruling); Laidlaw Corp. v. NLRB, 414 F.2d 99, 107 (7th Cir. 1969) (upholding retroactive overruling); NLRB v. Majestic Weaving Co., 355 F.2d 854, 860 (2d Cir. 1966) (disapproving retroactive overruling).
164. See Standard Havens Prods., Inc. v. Gencor Indus., Inc., 810 F. Supp 1072, 1076 (W.D. Mo. 1993) (stating that there is no known "case or rule of law that holds that a final judgment in a separate lawsuit, in a separate jurisdiction, which may or may not be rendered at some undetermined point in the future would control and, indeed, void this Court's judgment"), rev'd, 996 F.2d 1236, No. 93-1208, 1993 WL 172432 (Fed. Cir. May 21, 1993) (unpublished table decision).
165. 810 F. Supp. 1072.
166. Id. at 1075.
167. Id. at 1075-76; cf. Ultrak Inc. v. Radio Eng'g Indus., Inc., 52 U.S.P.Q.2d (BNA) 1530, 1531-32 (N.D. Tex. 1999) (refusing to stay enforcement of a final judgment even though all claims were rejected through a reissue proceeding).
district court.\textsuperscript{171} While the Federal Circuit did not answer this question in \textit{Standard Havens}, one or more high profile cases currently pending appeal may certainly raise it again.\textsuperscript{172}

V. THE CURRENT LAWS ARE INADEQUATE TO PREVENT AN INFRINGER FROM NULLIFYING A FINAL JUDGMENT

A. The Patent Laws Are Not Designed to Prevent a Posttrial Reexamination

The underlying purpose of patent law is to promote the useful arts and sciences by rewarding inventors for their scientific innovations with a grant of a limited monopoly on their patented inventions.\textsuperscript{173} But where the invention is not patentable in the first place, an inventor should not have a right to this limited monopoly.\textsuperscript{174} Thus, Congress intended the Ex Parte and Inter Partes Reexamination Statutes to allow members of the public to challenge the validity of a patent, placing those patents that are truly unpatentable back into the public domain.\textsuperscript{175} For similar reasons,

\begin{itemize}
  \item \textsuperscript{171} See \textit{id}.
  \item \textsuperscript{174} See \textit{Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.}, 402 U.S. 313, 331 n.21 (1971) ("It is just as important that a good patent be ultimately upheld as that a bad one be definitively stricken.").
  \item \textsuperscript{175} \textit{35 U.S.C.} §§ 301-318; see also \textit{In re} Etter, 756 F.2d 852, 857 (Fed. Cir. 1985) (observing that the "innate function of the reexamination process is to increase the reliability of the PTO's action in issuing a patent by reexamination of patents thought 'doubtful'.") The Federal Circuit further noted that
Congress provides accused infringers the statutory right to defend themselves by challenging the validity of a patent in court.\textsuperscript{176} A challenger who is unable to prove in court that a patent is invalid is estopped from requesting an inter partes reexamination of that patent, but not an ex parte reexamination.\textsuperscript{177} The Ex Parte Reexamination Statute does not currently restrict the class of individuals who can request a reexamination, nor does it restrict the timing or the circumstances in which an individual may request a reexamination.\textsuperscript{178} The only restriction is that a requester must present evidence, in the form of patents and publications, of a “substantial new question of patentability” for a director to order reexamination.\textsuperscript{179} Consequently, the Ex Parte Reexamination Statute clearly does not preclude an adjudicated infringer from requesting reexamination of a patent after a final judgment is reached in a patent infringement suit.\textsuperscript{183}

\textbf{B. Collateral Estoppel Does Not Bar an Infringer from Requesting a Reexamination of the Patent-In-Suit}

Despite the statute’s deficiencies, collateral estoppel should bar an adjudicated infringer from rearguing the issue of validity of the patent-in-suit before the PTO.\textsuperscript{181} After all, collateral estoppel bars an unsuccessful party from relitigating the same issue in a subsequent lawsuit.\textsuperscript{182} Why, then, may an adjudicated infringer raise substantially the same issue in

\begin{quote}
[w]hen a “substantial question” exists respecting the correctness of that grant, it does not conflict but coincides with the nature of the grantee’s right [to exclude] when the government reexamines the propriety of the grant it has made, and thereafter reaffirms the grant, substitutes a new grant (amended or new claims), or withdraws the grant in whole or in part . . . .
\end{quote}

\textit{Id.} at 859.


177. \textit{Id.} § 317(b).

178. \textit{See id.} § 302 (providing that “any person at any time may file a request for reexamination”).

179. \textit{Id.} §§ 302-303(a).

180. \textit{See id.} § 302.

181. \textit{Cf.} Marchon Eyewear, Inc. v. Tura LP, No. 98 CV 1932(SJ), 1999 WL 184107, at *3-4 (E.D.N.Y. Mar. 28, 1999) (estopping the defendant from asserting the invalidity of a patent in a lawsuit related to a second product, where in a previous lawsuit he contended that the patent-in-suit was invalid); Tensar Corp. v. Tenax Corp., Civ. No. H-91-1460, 1992 WL 443904, at *3 (D. Md. Oct. 16, 1992) (estopping the defendant from relitigating any defenses of invalidity and unenforceability in a subsequent lawsuit involving the same patent, but a different (or modified) product than had been previously fully litigated between same parties).

the PTO that it lost at trial? Yet the courts have concluded that collateral estoppel does not bar posttrial reexaminations.

The Federal Circuit justifies this anomaly by pointing to the procedural differences between PTO and district court inquiries into patentability and validity, respectively. Recall that collateral estoppel only applies where the issue in both proceedings is identical. Here, the issue before both the federal court and the PTO is whether the claimed invention satisfies the statutory requirements for a patent. However, the evidentiary record and the burden of proof in the federal court and PTO are not identical. In addition, the infringer/requester may not fully participate in the ex parte reexamination proceeding, which is limited to communications between the patent owner and the PTO. Further, the requester does not have the right to appeal a decision of the PTO.

In support of the argument that collateral estoppel should apply, the remaining elements for the defense are satisfied. The second requirement—that the issue was actually litigated in the prior proceeding—is met because the defendant and the patent owner litigated the validity of the patent-in-suit during the infringement lawsuit. The third requirement for collateral estoppel is also met because the issue of patent validity is a "critical and necessary" predicate to the finding of liability for infringement. Finally, the fourth requirement that the litigants had a full and fair opportunity to litigate the issue in the prior proceeding is met whenever the district court proceeding results in a final judgment.

Essentially, the collateral estoppel analysis suffers because the PTO and court proceedings each have a different record, require a different evidentiary burden, and involve different parties insofar as the

184. Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1429 n.3 (Fed. Cir. 1988).
185. See id. at 1427-28.
188. Ethicon, 849 F.2d at 1427; Leung, supra note 106, at 484.
190. M.P.E.P., supra note 18, § 2273.
191. Dana, 342 F.3d at 1323.
193. Montana v. United States, 440 U.S. 147, 163-64 & 164 n.11 (1979); Dana, 342 F.3d at 1323.
defendant-requester may not participate in the PTO's reexamination. Consequently, collateral estoppel does not preclude posttrial ex parte reexaminations of the patent-in-suit.

C. Separation of Powers Does Not Prevent the PTO from Reviewing a Patent Adjudicated "Not Invalid"

While separation of powers precludes the PTO from reviewing or overruling the final decision of an Article III court, the PTO is not technically "reviewing" the decision of the federal district court in a reexamination. A final judgment of the federal court in an infringement case is that the patent is not invalid in view of the record—in other words, the accused infringer did not meet the evidentiary burden necessary to prove that the patent-in-suit was invalid. In comparison, the ex parte reexamination grants the PTO the opportunity to review a patent anew, to correct defects in the original examination. The PTO places the burden on the patent owner to prove that the claimed invention is patentable. In reexamining the patent, the PTO considers neither the judicial record, nor the factual determinations of the judge or jury; it considers only the patents and printed publications that are presented to it. Thus, the PTO is not "reviewing" the decision of the

194. See Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1427-29 (Fed. Cir. 1988).
195. See id.
196. See id. at 1428-29; see also discussion supra Part IV.A.
197. Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1569 (Fed. Cir. 1987) (determining that under 35 U.S.C. § 282 courts are required only to evaluate whether the challenger met "its burden of establishing invalidity in the particular case before the court"); Shelcore, Inc. v. Durham Indus., Inc., 745 F.2d 621, 627 (Fed. Cir. 1984) ("A patent is not held valid for all purposes but, rather, not invalid on the record before the court."); Envtl. Designs, Ltd. v. Union Oil Co. of Cal., 713 F.2d 693, 699 n.9 (Fed. Cir. 1983). Once a federal court determines the validity of a patent, it has the effect of a final judgment. See Pharmacia & Upjohn Co. v. Mylan Pharm., Inc., 170 F.3d 1373, 1380 (Fed. Cir. 1999). At this point, the PTO loses its power to review the decision of the federal court, or to issue a rule inconsistent with the federal court's determination. Chi. & S. Air Lines, Inc. v. Waterman S.S. Corp., 333 U.S. 103, 113 (1948).
198. 35 U.S.C. §§ 301-307 (2000); see Patlex Corp. v. Mosinghoff, 758 F.2d 594, 603 (Fed. Cir.) (finding that the reexamination statute is in the class of curative statutes, intended "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"); modified, 771 F.2d 480 (Fed. Cir. 1985).
200. 37 C.F.R. § 1.104; M.P.E.P., supra note 18, § 2258 ("Rejections [on reexamination] will not be based on matters other than patents or printed publications, such as public use or sale . . . . A rejection on prior public use or sale . . . . cannot be made even if it relies upon a prior patent or printed publication . . . ."); see also Quad Envtl. Techs. Corp. v. Union Sanitary Dist., 946 F.2d 870, 875 (Fed. Cir. 1991) (holding that evidence of commercial use was "not within the reexamination examiner's jurisdiction"); M.P.E.P., supra note 18, §§ 2216-2217.
federal district court; rather, it is conducting an independent factual adjudication. In fact, the Federal Circuit has stated that the courts and the PTO may properly arrive at conflicting determinations.

D. The Ex Parte Reexamination Proceeding Is Open to Abuse

Allowing an adjudicated infringer to request reexamination of a patent after a final judgment creates an inefficient system. One of the intended benefits of the Ex Parte Reexamination Statute is that it provides a forum for invalidating patents without a lengthy and expensive trial. Current patent infringement litigation costs are in the millions. Litigation can last years, the trial itself occupying weeks or months of court and jury time. In comparison, a reexamination is likely to cost far less and conclude more quickly than litigation. However, allowing posttrial reexaminations negates the intended economic benefits because by requesting a reexamination after litigation, an adjudicated infringer adds the cost of the reexamination to the cost of the litigation, rather than reducing costs.

Further inefficiencies are created in the appeal of a reexamination decision. A patent owner may appeal the PTO's decision to the Federal Circuit, or seek a civil action to compel the PTO to confirm patentability, forcing the federal court system to re hear the issue of the patent's validity. Because res judicata does not preclude this action, and stare decisis does not require the Federal Circuit to affirm an earlier decision, the infringer may essentially use the ex parte reexamination procedure to

201. See Etter, 756 F.2d at 857-58.
202. Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1428 (Fed. Cir. 1988); Constant v. Advanced Micro-Devices, Inc., 848 F.2d 1560, 1564 (Fed. Cir. 1988) (holding that Congress has the power to delegate power to both the federal courts and the PTO to invalidate patents).
204. See Johnson, supra note 152, at 88 (commenting that average patent infringement litigation costs in 2003 were $2,000,000 for a suit in which $1,000,000 to $25,000,000 is at stake); Thayer et al., supra note 76, at 26 (reporting that the median cost for a patent suit is $1,200,000).
205. See Thayer et al., supra note 76, at 26 (reporting that a patent infringement trial may last several years, and almost ten percent require twenty or more days of trial).
207. See Motsonbocker, supra note 13, at 894.
create redundancy in the federal court system at the expense of both public and private resources.\(^\text{209}\)

VI. A CALL FOR REFORM TO PREVENT ABUSE OF THE EX PARTE REEXAMINATION STATUTE AT THE EXPENSE OF PUBLIC AND PRIVATE RESOURCES

A. Legislation to Revise the Ex Parte Reexamination Statute

In order to prevent an adjudicated infringer from getting a second bite at the apple, Congress should revise the Ex Parte Reexamination Statute.\(^\text{210}\) Reexaminations should not be available where they could have the effect of nullifying the decision of a federal court.\(^\text{211}\) However, any revision to the statute must maintain the congressional intent to correct initial examinations by allowing anyone to challenge the validity of a patent without litigation.\(^\text{212}\)

One way of effecting such a change is to define the threshold of a "substantial new question of patentability" so that the PTO must consider and exclude issues that were previously presented in administrative and judicial forums.\(^\text{213}\) The result would be that only truly "new" evidence—evidence not considered by either the PTO or the courts—would be sufficient to initiate a reexamination.\(^\text{214}\) This would

---

\(^{209}\) See Stevenson v. Sears, Roebuck & Co., 713 F.2d 705, 711 & n.5 (Fed. Cir. 1983) (holding that "the doctrine of stare decisis is generally an inappropriate one in patent litigation" unless "the record in the second suit is substantively identical to the record produced in the first suit"). But see Mercantile Nat'l Bank of Chi. v. Howmet Corp., 524 F.2d 1031, 1032 (7th Cir. 1975) ("A litigant who attacks the validity of a patent before a court that has held the patent valid in a prior case has the burden of persuading the court that there is a 'material distinction' between that case and the case at bar."). However, the Federal Circuit is the current precedential authority on patent law. Markman v. Westview Instruments, Inc., 517 U.S. 370, 390 (1996).

\(^{210}\) Cf. supra Part V.A.

\(^{211}\) See Chi. & S. Air Lines, Inc. v. Waterman S.S. Corp., 333 U.S. 103, 113-14 (1948) ("It has long been the firm and unvarying practice of the Constitutional Courts to render no judgments... that are subject to later review or alteration by administrative action.").


\(^{214}\) Cf. 35 U.S.C. § 317(b) (2000) ("Once a final decision has been entered against a party in a civil action... then neither that party nor its privies may thereafter request an inter partes reexamination of any such patent claim on the basis of issues which that party or its privies raised... "); In re Portola Packaging, Inc., 110 F.3d 786, 791 (Fed. Cir. 1997); In re Recreative Techs., 83 F.3d 1394, 1398-99 (Fed. Cir. 1996) (holding that in a reexamination, an examiner may not reject a claim based solely on prior art cited in the initial examination).
preclude adjudicated infringers from requesting a reexamination without producing more compelling evidence than they presented at trial.\textsuperscript{215} However, this creates a risk that an accused infringer could strategically withhold patents during litigation, not introducing them into evidence and intending to use them later to initiate a reexamination. Thus, a better revision to the statute would be to incorporate a limitation prohibiting a party who was unsuccessful at invalidating the patent in a civil suit from requesting a reexamination based on issues that were raised or could have been raised during the civil suit.\textsuperscript{216} Like inter partes reexamination, this would preclude infringers from requesting a reexamination unless they could produce evidence that was unavailable at trial.\textsuperscript{217}

Either revision encourages defendants in infringement suits to avail themselves of the reexamination procedure before or during litigation, as Congress intended.\textsuperscript{218} The proposed revision to the statute would also force the record before the court and the PTO to be different, which would prevent the PTO from acting inconsistently with the Article III courts, and maintain the balance between the executive and judicial branches.\textsuperscript{219} Finally, the proposed revision would still allow invalidation of patents, but only where justified.\textsuperscript{220}

\textbf{B. Federal Courts Should Not Allow Reexaminations To Alter or Affect Final Judgments}

Recognizing that a revision to the statute is unlikely in the near future, the Federal Circuit should set a firm precedent not allowing reexaminations to control or alter the final judgments of a district court.\textsuperscript{221} Although it seems unfair to enforce an invalid patent against an infringer, the infringer had a fair chance to prove the invalidity of the patent.

Having requested relief from the federal court rather than promptly requesting a reexamination, an adjudicated infringer should be bound by the final judgment of the court and barred from the benefit of a reexamination of the patent-in-suit. Further, the district courts should continue to deny motions for stay in the late stages of litigation, and should absolutely prohibit stays beyond a certain point in the proceedings. Currently, the balancing test used by the courts is effective at allowing the courts to make case-by-case determinations based on equity. However, beyond a certain point in the litigation, a stay is not justified. Because each suit has its own timeline, deciding when to draw the line can be difficult; however, one logical place to start is the end of discovery. At this point, the parties should be aware of all prior art that could be submitted to the PTO with a reexamination request—any delay in requesting reexamination beyond this point is simply unnecessary.

Establishing these rules will deter an accused infringer from delaying a request for reexamination beyond the stage when the court and litigants

222. Ethicon v. Quigg, 849 F.2d 1422, 1427-29 (Fed. Cir. 1988) (stating the burden of proof required to show invalidity of a patent); Constant v. Advanced Micro-Devices, Inc., 848 F.2d 1560, 1564 (Fed. Cir. 1988) (affirming the power of the courts to adjudicate the validity of patents).

223. See RESTATEMENT (SECOND) OF JUDGMENTS § 17 (1982).


225. Cf. cases cited supra note 224.

226. FED. R. CIV. P. 16(b) (providing that a district judge must enter a scheduling order that, among other things, limits the time to complete discovery). A later alternative might be thirty days before the trial when, by statute, both parties are required to give notice to the adverse party of any patent and publication that may be relied on to argue the issue of patent validity. 35 U.S.C. § 282 (2000). However, this is very late in the litigation timeline, and both parties potentially have already invested millions of dollars in discovery and pre-trial motions, so it is not necessarily fair to the parties. Softview Computer Prods. Corp. v. Haworth, Inc., No. 97 CIV.8815 KMW HBP, 2000 WL 1134471, at *2, 56 U.S.P.Q.2d (BNA) 1633, 1635 (S.D.N.Y. Aug. 10, 2000) ("Parties should not be permitted to abuse the process by applying for reexamination after protracted, expensive discovery or trial preparation.") (quoting Digital Magnetic Sys., Inc. v. Ansley, No. Civ-81-1190-T, 1982 U.S. Dist. LEXIS 12395, at *2, 213 U.S.P.Q. (BNA) 290 (W.D. Okla. Mar. 1, 1982)).

have expended significant public and private resources to litigate the issue of validity.\textsuperscript{228} An accused infringer has ample opportunity to request a reexamination in the early stages of litigation, when it is fair to both parties for the court to stay litigation.\textsuperscript{229} Any further delay is a waste of the opposing party and court's time and money.\textsuperscript{230} Congress specifically intended the Ex Parte Reexamination Statute to provide a vehicle for invalidating patents without lengthy, costly litigation.\textsuperscript{231} By setting rules that prohibit infringers from benefiting from posttrial reexaminations, the courts can give effect to congressional intent.\textsuperscript{232}

VII. CONCLUSION

The loophole that allows an adjudicated patent infringer a second bite at the apple after a full and fair trial needs to be closed tightly.\textsuperscript{233} Adjudicated infringers should not be able to take advantage of the ex parte reexamination procedure, where the effect will be to absolve them from their tort liability.\textsuperscript{234} Yet, the current patent laws allow this possibility, and principles of collateral estoppel and constitutional law cannot prevent adjudicated infringers from taking advantage of it. Consequently, both legislative and judicial action is necessary.

First, Congress should revise the Ex Parte Reexamination Statute so that the threshold determination of a "substantial new question of patentability," upon which a reexamination is ordered, may not be based on patents and publications that the requester presented or could have

\textsuperscript{228} See Softview Computer Prods., 2000 WL 1134471, at *2, 56 U.S.P.Q.2d (BNA) at 1635.


\textsuperscript{230} See Standard Havens Prods. v. Gencor Indus., Inc., 810 F. Supp. 1072, 1077 (W.D. Mo. 1993), rev'd, 996 F.2d 1236, No. 93-1208, 1993 WL 172432 (Fed. Cir. May 21, 1993) (unpublished table decision); Auvil, supra note 144, at 343 ("Reexamination was not, however, perceived to be an instrument by which a litigant could obstruct the resolution of the dispute. Judicial regard to discernible governing standards can facilitate the legislative mandate and preserve the credibility of the process.").


\textsuperscript{233} See Burson v. Carmichael, 731 F.2d 849, 854 (Fed. Cir. 1984) ("There is no support in the law for repeated bites at the apple. On the contrary, the law whenever possible reaches for repose.").

\textsuperscript{234} Cf In re Portola Packaging, Inc., 110 F.3d 786, 788 (Fed. Cir. 1997); In re Recreative Techs. Corp., 83 F.3d 1394, 1396 (Fed. Cir. 1996) (establishing that reexamination is not proper when the validity of a patent previously has been established).
presented at trial. The proposed revision encourages accused infringers to avail themselves of reexamination before a final judgment in a civil suit. In addition, the revision prevents the PTO from acting inconsistently with the federal courts by distinguishing the reexamination from the judicial record.

The federal courts should also act to prevent adjudicated infringers from circumventing a final judgment. The Federal Circuit should set a precedent disallowing the PTO's reexamination results to alter or nullify a final judgment that is otherwise binding on an adjudicated infringer. In addition, the courts should not grant stays in the later stages of litigation, pending the completion of a reexamination. These judicial rules will prevent accused infringers from abusing the reexamination process at the expense of public and private resources. While these actions are necessary to prevent an adjudicated infringer from getting a second bite at the apple, they also preserve the original intent of the Ex Parte Reexamination Statute, and protect the balance of power between the coordinate branches of government.