

SMART BUSINESS[®]

INSIGHT. ADVICE. STRATEGY

DALLAS

SMART LEADERS

Gardere Wynne Sewell's Steve Good on why you shouldn't try to hit home runs

FAST LANE

Why Dawn Brinson-Roark takes the 'or else' approach to change at Brinson Benefits

MICHAEL FEUER

Woulda, coulda, shoulda mind games will drive you over the edge

High energy

HOW JEFF MORRIS BUILT
A TRUSTED TEAM TO LEAD
ALON USA TO NEW HEIGHTS

Patent litigation

Using re-examination as a backstop in your defense

Often, it pays to ask for a second look at a decision made by the U.S. Patent and Trademark Office (USPTO). That second look is called “re-examination.” Re-examination is an administrative procedure by which the USPTO may be asked to take a second look at an issued patent, according to attorneys with the law firm of Munck Butrus Carter, P.C. Re-examination may be granted based upon patents or printed publications that the USPTO missed during original examination or even on the same prior art references based on a change in the law or positions adopted by the patent owner.

Smart Business spoke with E. Leon Carter and Daniel Venglarik about how a company that has been sued for patent infringement should consider seeking re-examination concurrently with defending the patent litigation.

How does re-examination help a company that has been sued for patent infringement?

In the best-case scenario, re-examination can serve as an insurance policy against an unfavorable verdict. Last year the Federal Circuit [the appeals court that handles all patent appeals] reversed a jury verdict of over \$100 million because the USPTO subsequently held the patent to be invalid in a concurrent re-examination proceeding. In a worst-case scenario, the threat of re-examination can provide additional settlement leverage, particularly if the patent owner has to protect a royalty stream being paid by licensees of the patent(s) being asserted. Once re-examination has been granted, many courts will stay the litigation pending the outcome of the re-examination at the USPTO, at least delaying the outcome if not avoiding trial altogether. Such stays may be obtained not only in federal district courts but also at the Federal Circuit, which has stayed appeals from district court judgments until the re-examination proceedings at the USPTO caught up and then vacated the judgment based on the re-examination outcome.

Can anything be done in re-examination that could not also be done in litigation?

In defending patent litigation, invalidity of the patent(s) being asserted must be



E. Leon Carter
Litigation attorney
Munck Butrus Carter,
P.C.



Daniel E. Venglarik
Patent attorney
Munck Butrus
Carter, P.C.

proven by clear and convincing evidence, a much higher burden of proof than required for re-examination. Moreover, technical arguments and technicalities on issues such as priority are much more likely to be understood and accepted by an examiner at the USPTO than by a lay judge or jury. And the USPTO currently measures the quality of its work by how many patent applications it rejects in a given year — and are almost eager to invalidate patents being asserted in litigation.

On the other hand, re-examination is limited to certain types of invalidity defenses, while a broader range of such defenses are available during litigation.

Can re-examination harm my litigation defense?

Some big firm litigators will cite the potential for an ‘unfavorable’ claim interpretation at the USPTO to interfere with the litigation as a reason for not seeking re-examination — without citing a case in which that actually happened.

In truth, during re-examination, the USPTO automatically adopts the broadest reasonable claim construction for the sole purpose of considering validity, while a litigation defendant remains free to argue a narrower interpretation to attempt to avoid

infringement, and thus, have their cake and eat it, too.

Litigators also worry about ‘ruining’ the best prior art if the patent survives re-examination. However, prior art that fails to prevail under the lower standard of proof applicable to re-examination seems unlikely to succeed when the standard of proof is dramatically raised during litigation. In addition, re-examinations can last much longer than the typical patent litigation, such that the jury trial may be over long before the USPTO issues a final ruling on validity over the same prior art reference.

How do I use re-examination as part of my litigation strategy?

Your litigation team should work closely with the patent attorneys handling the re-examination. The patent attorneys on the re-examination are more likely to locate the best prior art than any search firm(s) hired by your litigation counsel, so get the patent attorneys involved early. Make certain that the litigators and patent attorneys actually consult with one another on a regular basis to ensure that the arguments for re-examination and the invalidity contentions within the litigation are consistent and to avoid overlooking invalidity arguments that are not immediately evident.

A tactical decision should be made early in the litigation regarding whether to seek re-examination early so that the litigation might get stayed or to wait instead until claim construction proceedings begin so that the patent owner’s claim construction contentions may be used to good effect in the re-examination.

Finally, never forego re-examination simply because someone else already tried and failed. The reversal of the \$100 million verdict described earlier resulted from the last of a series of five re-examinations on the same patent, where the first three were denied outright. <<

E. LEON CARTER and **DANIEL E. VENGLARIK** both practice law for Munck Butrus Carter, P.C., Dallas. Carter is a member of the firm’s litigation section with over 20 years of trial and litigation experience. Reach him at lcarter@munckbutrus.com. Venglarik works in the Intellectual Property section as a patent attorney registered before the United States Patent and Trademark Office. Reach him at dvenglarik@munckbutrus.com.

Insights Legal Affairs is brought to you by Munck Butrus Carter, P.C.