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Bits and Bytes from the Chair

By Ronald S. Nixon, 2013-2014 IT Law Section Chairperson

For my first address as Chair to the membership, I want to recognize and thank all the people who have helped the IT Law Section develop in the nearly nine years I have been part of it. During that time, I witnessed a group of talented, dedicated, and hard-working people brainstorming ideas and striving to turn those ideas into value to our Section. Thank you for your service.

I am comforted as I take office that the remaining and new Council members share the same enthusiasm that has brought you such things as this newsletter and the annual seminar. As with every new Council, we have unique challenges to face, but with the help of everyone I am confident that we can rise to meet them.

While this is truly a group effort with the greater good of the Section in mind, it is nonetheless shaped by the individuals that make themselves heard. For that reason, I encourage everyone in the Section to participate in Section events and share their ideas with the Council. I welcome your emails, and the Section's *LinkedIn* site is another good place to share any ideas or information you think would be of value to the membership.

Our first Council business meeting of the new fiscal year will be held in December 2013 at the *Kemp Klein Law Firm* in Troy. At that time we will plan for the coming year, including scheduling regular meetings, developing Section events, and generally taking care of business. Everyone is welcome to attend, but please advise me by email at ron.nixon@kkue.com so that we can make appropriate arrangements.

I look forward to serving you in the coming year.

Ronald S. Nixon

2013-2014 Section Chairperson





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The *Michigan IT Lawyer* is pleased to present *Declaratory Judgment Actions, Covenants Not to Sue, and Bad Patents: A Call to Allow the Judiciary to Weed Out Bad Patents While Adhering to the “Case or Controversy” Requirement*, by Jason Scott Tiedeman and Eric D. Gorman. The article was previously published in 2012 in the *Journal of High Technology Law*, Volume XIII, Number 1, can be accessed at <http://www.jhtl.org/publications/index.cfm?vol=13&num=1>, and is reprinted here by permission of the authors.

The statements made and opinions expressed in this essay are strictly those of the author, and not the State Bar of Michigan or the Information Technology Law Section. Comments regarding this article can be forwarded to the *Michigan IT Lawyer*, care of michael@gallo.us.com. Enjoy!

Declaratory Judgment Actions, Covenants Not to Sue, and Bad Patents: A Call to Allow the Judiciary to Weed Out Bad Patents While Adhering to the “Case or Controversy” Requirement

By Jason Scott Tiedeman¹ and Eric D. Gorman²
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Introduction

Suits based on the Declaratory Judgment Act³ are well-known tools in the world of patent litigation.⁴ Such suits allow alleged infringers to obtain a judicial determination of their rights without waiting for a patent owner alleging infringement to sue.⁵ A typical patent-related situation involving a declaratory judgment action arises where a patent owner threatens a competitor with infringement of its patent, thus forcing the competitor to either stop producing a product or continue its potentially infringing activity.⁶ An even worse situation occurs where the patentee threatens infringement, but never actually brings suit in order to stifle competition.⁷

Absent the declaratory judgment mechanism, this would act as a powerful deterrent to competition.⁸ An accused infringer that continues its allegedly infringing actions opens itself up to treble damages because it is on notice and the



Jason Scott Tiedeman



Eric D. Gorman

alleged infringement may now be willful; if it stops, it loses sales.⁹ The Declaratory Judgment Act empowers alleged infringers to bring a declaratory judgment action and have a court determine their rights.¹⁰

For an accused infringer to survive a dismissal of its declaratory judgment action, the court must have subject matter jurisdiction to hear the case.¹¹ This is established by showing that the patent owner's assertions of infringement are "definite and concrete" and touch on "the legal relations of parties having adverse legal interests."¹² The Court of Appeals for the Federal Circuit ("CAFC") has developed doctrine by which courts may determine whether the level of assertions and actions by the patent owner rise to this level.¹³ This typically is proved by showing that the patentee has created "a reasonable apprehension of an infringement suit" in the accused infringer.¹⁴

Once the court obtains subject matter jurisdiction, the patent owner still has the ability to have the suit dismissed. A patent owner may decide to cut its losses and file a Covenant Not to Sue ("CNS") thereby alleviating the court of subject matter jurisdiction.¹⁵ Without subject matter jurisdiction, a court has no authority to render a decision on the matter—the "case or controversy"¹⁶ requirement of Article III, Section 2 of the U.S. Constitution is removed.¹⁷ Assuming that the patent is valid and enforceable, there is no problem; the patent owner is happy because it does not have to defend its patent against invalidity claims, and the formerly-accused infringer is happy because it is no longer under threat of suit for the products covered by the CNS.

However, what about the situation where the accused infringer has discovered evidence that the patent in question is invalid? The patent owner may avoid having the patents invalidated by filing a CNS, thus removing subject matter jurisdiction from the court.¹⁸ The court then has no jurisdiction to even hear any evidence regarding the propriety of the patent.¹⁹ Even worse, the evidence uncovered by the accused infringer would, most likely, be under a protective order and would be unavailable to parties outside the suit.²⁰ The patent owner is free to assert a patent or patents that may actually be invalid against others.²¹

This paper investigates whether courts currently have the mechanisms in place to retain subject matter jurisdiction in such a situation. In the absence of such mechanisms, this paper argues that a doctrine should be developed on public policy grounds to avoid assertion of patent rights based on possibly invalid patents. This paper thereafter discusses whether courts should be able to act as third-party interests and invoke any of the administrative review proceedings available at the United States Patent and Trademark Office.

Section I of this paper discusses the history of and reasons for the enactment of the Declaratory Judgment Act.²² Section I also presents various scenarios in which this topic may present itself in litigation, especially in light of the holding of *MedImmune, Inc. v. Genentech, Inc.*, which enunciated a new justiciability test for subject matter jurisdiction.²³

Section II reviews current means by which a court may retain jurisdiction in the face of a CNS. Further, Section II discusses administrative remedies available to accused infringers and, possibly, the court in the event potentially invalidating evidence presents itself.

Section III proposes that various notable exceptions to the general rule that a CNS obviates claims of invalidity have effectively laid the groundwork for judicially mandated retention of subject matter jurisdiction sufficient to satisfy Article III. Section III additionally argues that mechanisms in place based on *ex parte* reexamination should be extended to the courts allowing them to institute a proceeding should a question of validity be uncovered.

I. Background

A. Declaratory Judgment Actions

1. A Brief History of the Declaratory Judgment Act

The Declaratory Judgment Act was first introduced before Congress in 1919.²⁴ This legislation was a means by which a party could have its legal rights adjudicated without having to wait for its opponent to strike first.²⁵ Prior to the Act, no mechanism existed by which a party accused of a wrong could bring its case before the court on its own volition.²⁶ Only a party asserting a cognizable claim had the power to bring the issue before the court.²⁷ The Declaratory Judgment Act itself does not confer jurisdiction,²⁸ it is merely a procedural tool to provide additional remedies to federal litigants.²⁹

This inability to bring a declaratory judgment suit on the part of a purported infringer led to cases in which a patent holder asserted its right to bring a suit without any intention of actually doing so.³⁰ An example of this occurs when a patent owner asserts that the users of a competing product infringe its patent.³¹ The patent owner, however, has no intention of filing suit and uses this ploy to effectively stifle competition.³² Current and potential users of the purportedly infringing products no longer purchase them for fear of a lawsuit, thus pushing any future sales to the patent owner and driving its competitors out of business.³³ This acts to extend the patent owner's rights farther than the limited monopoly intended by the Patent and Copyright Clause of the Constitution.³⁴

Even before its eventual enactment, the Declaratory Judgment Act ran into a major obstacle; the Supreme Court was unsure whether such an act was constitutional.³⁵ In a series

of Supreme Court cases looking at the constitutionality of two state declaratory judgment statutes,³⁶ the Court found that the state declaratory judgment statutes did not comport with the case or controversy requirement of the Constitution.³⁷ These rulings were seen as a “virtual judicial veto” of the legislation before Congress.³⁸

This obstacle was later removed when the Supreme Court overturned its previous rulings and held that declaratory judgments were merely a form or method of procedure.³⁹ Declaratory judgments did not run afoul of constitutional restraints as long as the controversy involved was not a hypothetical, but involved a real issue for the court to issue a judgment.⁴⁰ This ruling seemingly removed any remaining obstacles and led to the passage of the Declaratory Judgment Act in 1934.⁴¹

2. The Use of the Declaratory Judgment Act in Patent Litigation

The use of the Declaratory Judgment Act in patent litigation presents itself in one of two ways: it is plead in response to a suit claiming infringement,⁴² or it is brought as its own cause of action by a purported patent infringer.⁴³ In either case, claims or counterclaims brought under the Declaratory Judgment Act in patent cases most often include assertions of non-infringement, invalidity, unenforceability, or any combination thereof.⁴⁴

A patent holder facing a claim or claims based on the Declaratory Judgment Act may avoid litigation by issuing a CNS.⁴⁵ Such covenants can take one of several forms: (1) an explicit covenant;⁴⁶ (2) an oral promise before the court;⁴⁷ (3) a statement of non-liability;⁴⁸ or (4) prior to 2007, failure to bring a claim for infringement.⁴⁹ A CNS effectively removes a court’s subject matter jurisdiction over the case by removing the case or controversy requirement of Article III.⁵⁰ This occurs because the removal of the infringement suit by the patent owner vitiates the very reason that the parties were before the court—i.e. to determine if infringement liability exists.⁵¹ Once a case or controversy is removed a court is without jurisdiction, absent some other means for retaining said jurisdiction.⁵²

An important distinction exists between counterclaims brought under the Declaratory Judgment Act and those that are merely plead in an answer.⁵³ Those that are plead in an answer do not survive if the plaintiff’s case is withdrawn or dismissed.⁵⁴ However, claims based on the Declaratory Judgment Act are their own causes of action and therefore generally survive a withdrawal or dismissal of the underlying claims.⁵⁵

A patent owner’s decision to issue a CNS may be for any number of reasons: (1) the patent holder may come to realize that the declaratory judgment plaintiff’s product or process is not actually infringing; (2) the patent holder may be restrained by statutory limitations;⁵⁶ (3) the patent holder may decide that the cost of litigation is not proportional to the infringing activity;⁵⁷ or, (4) the patent holder may become aware that the declaratory judgment plaintiff is in possession of damning evidence that would render its patent either invalid or unenforceable.⁵⁸

3. The New Justiciability Test and its Impact on Subject Matter Jurisdiction

a. Immediacy and Reality

In the situations noted in the previous section, the party bringing a suit based on the Declaratory Judgment Act must initially satisfy the case or controversy requirement of Article III.⁵⁹ In the patent world, the test for this requirement has been distilled into a two-part justiciability test for subject matter jurisdiction.⁶⁰ This two-part test was developed to satisfy the Supreme Court’s immediacy and reality requirement enunciated in *Maryland Casualty Co. v. Pacific Coal & Oil Co.*⁶¹ The first part of the test, which is referred to as the reality portion of the test, essentially looks to whether the case is ripe for adjudication.⁶² Currently, courts look to “all the circumstances” to determine if the case is sufficiently ripe.⁶³ Ripeness, however is not a mechanical determination and the facts of each case must be taken into account.⁶⁴

The second part of the test is referred to as the ‘concrete steps’ test.⁶⁵ This looks to the timing between the suit and the steps taken in furtherance of the purported infringing activity to determine if the immediacy requirement is met.⁶⁶ If the purported infringing activity will not be immediate, the court will decline to issue a ruling for fear of issuing an advisory opinion.⁶⁷

The subject matter jurisdiction through which a court may rule on a case must be extant throughout the entire case.⁶⁸ There exists any number of mechanisms by which subject matter jurisdiction may be removed by the parties to a suit after the instigation of litigation.⁶⁹ One example involves voluntary dismissal of a case after the parties have agreed to a settlement. This would be enforced pursuant to Federal Rule of Civil Procedure (“FRCP”) 41(a)(1)(A)(ii) which allows for stipulated dismissals with or without prejudice if agreed to by the parties.⁷⁰ More germane to the present discussion, subject matter jurisdiction may be unilaterally removed by a patent owner through the issuance of a CNS.⁷¹

The “all the circumstances” test is relatively new and it is unclear what effect it will have on future declaratory judgment

actions.⁷² Case law based on the now-overturned “reasonable apprehension” test stood for the proposition that a CNS completely absolved the court of subject matter jurisdiction from which to hear claims or counterclaims alleging invalidity.⁷³

b. *MedImmune* and the New Justiciability Test

For several decades the two-part justiciability test incorporated the reasonable apprehension of suit test.⁷⁴ During this time, the reasonable apprehension test was used to determine whether the reality requirement of *Maryland Casualty* was met.⁷⁵ The reasonable apprehension of suit test asked whether there exists “an explicit threat or other action by the patentee which creates a reasonable apprehension on the part of the declaratory plaintiff that it will face an infringement suit”⁷⁶ Thus, absent an explicit threat by the patentee, a court would decline to extend jurisdiction and would not hear the case.⁷⁷

Blind adherence to this test presented a major problem for licensees who wished to challenge the validity of the patents they licensed.⁷⁸ A licensee could not bring a suit under the Declaratory Judgment Act to establish invalidity, for instance, without first breaching the license and exposing itself to treble damages for willful infringement.⁷⁹ This effectively reverted the standoff between patent owners and purported infringers back to the days before the enactment of the Declaratory Judgment Act.⁸⁰

The Supreme Court in *MedImmune* took up this seemingly inequitable conundrum and realigned the reality portion of the justiciability test.⁸¹ It held that the Court of Appeals for the Federal Circuit’s (“CAFC”) reasonable apprehension of suit test conflicted with Supreme Court precedent established in *Altwater v. Freeman*, *Maryland Casualty*, and *Aetna Life Insurance Co. v. Haworth*.⁸²

The Court held that a court must affirmatively answer “whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment” in order to retain jurisdiction.⁸³ A proper application of this test requires a dispute that is “‘definite and concrete, touching the legal relations of parties having adverse legal interests’; and that it be ‘real and substantial’ and ‘admi[t] of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts.’”⁸⁴

In redefining the justiciability test, the Supreme Court is seen to have lowered the bar over which a Declaratory

Judgment plaintiff must hurdle to allow a court to render a judgment.⁸⁵ Subject matter jurisdiction exists when opposing parties litigate issues “touching the legal relations of parties having adverse legal interests.”⁸⁶ It is unclear at the present time whether, or how much, this redefinition will impact the ability of a court to retain jurisdiction over claims of invalidity in declaratory judgment actions.

c. Common Misapplications of *Cardinal Chemical*

Of note, the Supreme Court’s *MedImmune* opinion specifically mentioned invalidity claims when referencing *Cardinal Chemical Co. v. Morton International, Inc.*⁸⁷ The ruling in *Cardinal Chemical* is often misquoted. As quoted, the language states: “A party seeking a declaratory judgment of invalidity presents a claim independent of the patentee’s charge of infringement.”⁸⁸ Merely reciting this sentence by itself removes it from the context in which it was meant to be read.⁸⁹ A thorough reading of the next paragraph shows that the Court was referencing the CAFC’s jurisdiction to rule on the invalidity issue on appeal.⁹⁰ The Court was not referring to the district court’s ability to retain jurisdiction over invalidity claims after a CNS had been issued.⁹¹

Cardinal Chemical invalidates the CAFC’s mootness doctrine whereby the court would automatically dismiss a district court’s finding of invalidity if it reversed a finding of infringement.⁹² *Cardinal Chemical* held that a finding of non-infringement does not necessarily lead to a finding of invalidity and thus the reviewing court retains jurisdiction to address the lower court’s invalidity ruling, at its discretion.⁹³

The language of *MedImmune* reiterates the holding of *Cardinal Chemical*, but neither case held that invalidity should carry with them their own subject matter jurisdiction.⁹⁴ Thus the problem remains. A patent owner has the power to avoid a ruling of invalidity by issuing a CNS.⁹⁵ The sections that follow discuss various existing means for retaining subject matter jurisdiction as well as an alternative remedy available to anyone wishing to have a patent reviewed.

B. Ex Parte Reexamination, Post-Grant Review, and Inter Partes Review Before the United States Patent and Trademark Office

1. A Brief History of Reexamination and Post-Grant Review

The institution of the reexamination procedure followed an extended congressional debate into the need for a mechanism by which the patentee and the USPTO could fix errors in issued patents.⁹⁶ Prior to the enactment of the reexamination

process, it was very difficult to correct defects in an issued patent.⁹⁷ Neither the USPTO nor the patentee could re-institute patent examination.⁹⁸ The only means to correct claims or to raise a question of patentability was before an Article III court.⁹⁹

Reexamination was meant to end this difficult process and was enacted with the aim to (1) “settle validity disputes more quickly and less expensively” than protracted litigation, (2) “allow courts to refer patent validity questions” to the Patent Office and (3) to “reinforce ‘investor confidence in certainty of patent rights’ by affording the PTO a broader opportunity to review ‘doubtful patents.’”¹⁰⁰ Congressman Robert Kastenmeier noted that reexamination was “an effort to reverse the current decline in U.S. productivity by strengthening the patent and copyright systems to improve investor confidence in new technology.”¹⁰¹ It was also meant as a means to correct errors made by the examiner during prosecution.¹⁰²

Reexamination proceedings finally gained congressional approval in 1980,¹⁰³ and the first reexamination of a patent was believed to have been instituted on July 1, 1981.¹⁰⁴ The procedure allowed for a patentee, a third party,¹⁰⁵ or the Commissioner of Patents acting *sue sponte*, to institute a reexamination of a granted, valid U.S. patent.¹⁰⁶ This initial form of reexamination was, however, an *ex parte* procedure.¹⁰⁷ Though a third party could request a reexamination and bring potentially invalidating prior art to the attention of the USPTO, the third party could not participate in the reexamination process.¹⁰⁸

This lack of a third party’s ability to participate in the reexamination process was not lost on Congress.¹⁰⁹ It noted that the ever increasing cost of patent litigation was a burden to U.S. companies and that one way of fixing this problem was to institute an administrative means to review the validity of a patent.¹¹⁰ The Honorable Carlos J. Moorhead noted in a 1995 Congressional hearing that the purpose of establishing *inter partes* reexamination “is to increase third party use of the reexamination system and to provide a meaningful, inexpensive and expeditious alternative to patent litigation.”¹¹¹

The American Inventors Protection Act (AIPA) was signed into law four years later on November 29, 1999.¹¹² Among other patent reforms, AIPA authorized the USPTO to institute a procedure whereby third parties could actively participate in the reexamination process.¹¹³ This procedure became known as *inter partes* reexamination and allowed third parties to not only institute reexamination proceeding, as they could in an *ex parte* reexamination, but also file arguments in response to those of the patentee.¹¹⁴ *Inter partes* reexamination is applicable to patents filed on or after the date of the passage of AIPA, November 29, 1999.¹¹⁵ The first *inter partes*

reexamination request was believed to have been granted on October 17, 2001.¹¹⁶

Most recently, the America Invents Act of 2011 (“AIA”) significantly revised the ability of patentees and third parties to institute post-grant review procedures.¹¹⁷ The congressional record indicates that the changes to the reexamination procedure were intended to cure an “administrative review process at the USPTO [that] is widely viewed as ineffective and inefficient.”¹¹⁸ USPTO Director David Kappos testified that the AIA’s reform of “[t]hese review proceedings will serve to minimize costs and increase certainty by offering efficient and fast alternatives to litigation as a means of reviewing questions of patent validity. Such proceedings also will provide a check on patent examination, ultimately resulting in higher quality patents.”¹¹⁹

While *ex parte* reexamination remains mostly unchanged, the AIA substantially revised aspects of the review processes that may be instituted by third parties who wish to utilize administrative procedures to challenge the validity of an issued patent.¹²⁰ This third-party procedure now encompasses (1) post-grant review¹²¹ and (2) *inter partes* review.¹²²

Note that for the purposes of this paper, a discussion of *inter partes* reexamination has been ignored. *Inter partes* reexamination and its replacements, post-grant review and *inter partes* review,¹²³ are applicable to patents filed on or after the date of the passage of AIPA, November 29, 1999.¹²⁴ At the anniversary of the passage of the AIA (September 16, 2012), *inter partes* reexamination ceased to exist and has been replaced by post-grant review and *inter partes* review, as applicable.¹²⁵ Thus a discussion of *inter partes* reexamination was deemed to be unproductive.

Post-grant review is the first stage of review and may be instituted within 9 months of the issue date of the patent in question.¹²⁶ *Inter partes* reexamination is now known as *inter partes* review and was revised with the aim to allow “a petitioner in an *inter partes* review . . . request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.”¹²⁷ Additionally, the *inter partes* review may only be instituted after the 9-month post-grant review window or after a post-grant review has been completed.¹²⁸

2. Procedural Aspects of Ex Parte Reexamination, Post-Grant Review, and Inter Partes Review as They Relate to Declaratory Judgment Actions

The timing of the instigation of either an *ex parte* reexamination, post-grant review, or *inter partes* review depends

upon who is requesting the review, how much the requester wants to participate in the process, and when the request is filed. An *ex parte* reexamination may be instigated by any party at any time.¹²⁹ This is accomplished by filing a petition requesting reexamination along with the appropriate fee,¹³⁰ though the fee requirement may be waived by the Director.¹³¹ The petition must include a list of “patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent....”¹³²

There is no limit to the number of *ex parte* reexaminations that can be filed as long as the threshold legal standard for review is met¹³³ and as long as the filings are not done to harass the patentee.¹³⁴ It is only the patentee that may participate in the reexamination;¹³⁵ third parties do not have the right to any further participation in the *ex parte* reexamination process.¹³⁶ This is true with the exception that if the patent owner responds to the initial reexamination order by including “any amendment to his patent and new claim or claims he may wish to propose, for consideration in the reexamination,”¹³⁷ the third party requester may respond to the patentee’s statement.¹³⁸

The Commissioner for Patents must then respond to a petition for reexamination within three months by granting or denying the petition.¹³⁹ Once instituted, *ex parte* reexamination proceeds as a normal examination on the merits.¹⁴⁰ The patentee is allowed to cancel claims, amend claims, or provide arguments in support of its position as with a regular examination.¹⁴¹

In addition to the above-mentioned method of instigating *ex parte* reexamination, a patentee may, instead, file a request for a supplemental examination.¹⁴² A supplemental examination is a mechanism by which the patentee “. . . may request supplemental examination of a patent in the Office to consider, reconsider, or correct information believed to be relevant to the patent, in accordance with such requirements as the Director may establish.”¹⁴³ The main function of this mechanism being the ability of the patentee to cure errors made during prosecution¹⁴⁴—such as failing to provide prior art known to the patentee during prosecution.¹⁴⁵ The result of an approved request for supplemental examination is that an *ex parte* reexamination is instituted to allow the USPTO to consider the submitted documents.¹⁴⁶

Post-grant review and *inter partes* review proceed similarly to an *ex parte* reexamination in that they are both instigated by filing a petition along with the appropriate fee.¹⁴⁷ A post-grant review may be instigated within nine months of the issue date of the patent¹⁴⁸ and may be filed by “a person who is not the owner of the patent.”¹⁴⁹ After this nine month

window has closed, a petitioner may petition for a *inter partes* review.¹⁵⁰ A major limitation to both forms of review is that there is a narrow window for filing a petition when concurrent litigation is involved.¹⁵¹ A petitioner may only institute a post-grant review or *inter partes* review (1) prior to the petitioner filing a complaint¹⁵² or (2) in the case of an *inter partes* review, within one year of the patentee filing a complaint.¹⁵³ As with post-grant review, the petitioner must be “a person who is not the owner of the patent”¹⁵⁴

Once a petition for review is filed, the patentee is then permitted to file a petition explaining why it believes that the review should not be instituted.¹⁵⁵ And, one of the more appealing features of the two review options includes the ability of the third party in both post-grant review and *inter partes* review to participate in the review process.¹⁵⁶ This includes the ability to respond to arguments put forth by the patentee.¹⁵⁷

To provide context as to the scope of the reexamination process prior to the changes instituted by the AIA, some statistics are presented: as of March 31, 2011, there have been a total of 11,415 *ex parte* reexamination requests, with 9,997 of said requests being granted (92%).¹⁵⁸ Of the requests granted, 33% were requested by the patent owner, 66% were requested by a third party, and 1% were instituted by the commissioner.¹⁵⁹ The reexaminations had an average total pendency of 25.7 months.¹⁶⁰ Roughly 1/3 of those were in litigation during the reexamination.¹⁶¹

As of March 31, 2011, there have been a total of 1,195 *inter partes* reexamination requests, with 988 of said requests being granted (82%).¹⁶² The reexaminations had an average total pendency of 36.5 months.¹⁶³ Seventy one percent (71%) of those were known to be in litigation during the reexamination.¹⁶⁴

3. Using Ex Parte Reexamination, Post-Grant Review, or Inter Partes Review in the Context of Litigation

Ex Parte reexamination in the context of patent litigation is a useful tool for both the patentee and the accused infringer.¹⁶⁵ The patentee may use *ex parte* reexamination to bolster the strength of its patent by having the USPTO consider prior art asserted against it during or in preparation for litigation.¹⁶⁶ It may also use reexamination to have the USPTO consider a different aspect of previously-considered art.¹⁶⁷ This aids the patentee because a reexamined patent enjoys the same presumption of validity as any other valid patent¹⁶⁸ and the burden of proof required to have a patent invalidated based on a piece of art previously considered by an examiner during prosecution is very high.¹⁶⁹

Ex parte reexamination may also work in favor of accused infringer.¹⁷⁰ An accused infringer may request a reexamination in order to have the USPTO consider new, potentially-invalidating art, or to review previously-considered art.¹⁷¹ The reexamination may result in a weaker patent or may result in the patent being found to be invalid altogether.¹⁷² However, the reexamination may result in a stronger patent, which is the chance one takes when selecting to enter into a reexamination.¹⁷³

Similarly, post-grant review and *inter partes* review are also very powerful tools for a third party petitioner.¹⁷⁴ They offer the same opportunity to have the USPTO consider new or previously-reviewed prior art, which may result in a change in the claims or invalidation of the entire patent.¹⁷⁵ Again, though, a petitioner must weigh the potential that the patentee may emerge from either post-grant review or *inter partes* review with a stronger patent.¹⁷⁶

While an exhaustive discussion of the role of *ex parte* reexamination, post-grant review, and *inter partes* review is beyond the scope of this article, the following sections provide an outline of some of the key points that may be considered. Many articles and books have been written that detail the procedural aspects of *ex parte* reexamination.¹⁷⁷ It is left to the reader to explore these if additional information is required. With regard to post-grant review and *inter partes* review, the authors note that these were only recently implemented by the AIA and that the procedural benefits and detractions will, we are sure, be discussed at length by other commentators.

a. Legal Standards

Several issues present themselves with regard to *ex parte* reexamination, post-grant review, and *inter partes* review. The most glaring of these include (1) the threshold legal standard that must be overcome to institute one of these proceedings and (2) which of the four means to invalidate a patent may be asserted during the proceeding.¹⁷⁸

One of the more interesting things that was instituted by the AIA is three different legal standards required for a petitioner to overcome depending on which review process the petitioner selects.¹⁷⁹ *Ex parte* reexamination was largely unaffected by the revisions of the AIA and, as such, the threshold legal standard for review has been fleshed out by the courts much more thoroughly than the standards of post-grant review and *inter partes* review.¹⁸⁰ For a petition for an *ex parte* reexamination to be approved, “the Director will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request,

with or without consideration of other patents or printed publications.”¹⁸¹

If the Director concludes that there is a “Substantial New Question” (“SNQ”) of patentability, a reexamination will be instituted.¹⁸² This standard has been interpreted as “a balance between curing allegedly defective patents [via reexamination] and preventing harassment of patentees.”¹⁸³ A SNQ will be found if a teaching of (prior art) patents and printed publications is such that “a reasonable examiner would consider the prior art patent or printed publication important in deciding whether or not the claim is patentable.”¹⁸⁴ The SNQ threshold is seen to be a low standard with Former Chief Judge Paul Michel describing it as “almost no standard at all.”¹⁸⁵ Indeed, in the period spanning from the instigation of *ex parte* reexaminations to March 31, 2011, 92% of all petitions were approved by the Director.¹⁸⁶

Prior to 2002, such a question of patentability could only be in the form of patents or printed publication¹⁸⁷ that questioned the validity of the patent and that were not previously considered by the patent examiner during examination.¹⁸⁸ This was changed in 2002 to include any prior art, even prior art considered by the examiner during the initial examination.¹⁸⁹ This change was instituted to allow the USPTO to review previously-considered documents as long as the petitioner presented them in “a new light or a different way that escaped review during earlier examination.”¹⁹⁰ Notably, unlike a reissue proceeding,¹⁹¹ the patentee is not permitted to enlarge the scope of its patent during the reexamination process.¹⁹² The ‘substantial new question of patentability’ must present a “new, non-cumulative technological [prior art] teaching”¹⁹³

Post-grant review, on the other hand, is centered on the threshold legal question of whether the Director determines that “it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.”¹⁹⁴ The ‘more likely than not’ (“MLN”) standard as it applies to post-grant review has not been fleshed out in the courts yet, but is generally accepted to mean that there is a greater than 50% likelihood that the patent is invalid based on the cite prior art.¹⁹⁵ This standard is more stringent than the SNQ standard, thus making post-grant review less appealing in this regard.¹⁹⁶

Finally, *inter partes* review has yet another standard; here the petitioner must show “that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”¹⁹⁷ As Chief Judge Smith notes, “[c]omparing the two standards, the ‘reasonable likelihood’ standard is lower than the ‘more likely than not’ standard. The reasonable likelihood standard allows for

the exercise of discretion but encompasses a 50/50 chance whereas the ‘more likely than not’ standard requires greater than a 50% chance of prevailing.¹⁹⁸ As such, this standard falls in between the SNQ standard¹⁹⁹ and the MLN standard.²⁰⁰ Thus the RLS bar is seen to be a reasonably high one, but not too high.²⁰¹

With regard to the second point, of the four defenses to a claim of patent infringement, it is invalidity that is of importance to this discussion.²⁰² *Ex parte* reexamination proceedings may only involve claims of invalidity.²⁰³ Claims of unenforceability due to inequitable conduct are no longer investigated under reexamination proceedings due to the need to make a substantive determination of the intent of the patentee.²⁰⁴ This limits the overall usefulness of reexamination, but, in light of the CAFC’s ruling in *Therasense, Inc. v. Becton, Dickinson and Co.*²⁰⁵ — which raised the burden of proof for inequitable conduct—this may be of lesser importance that is used to be.²⁰⁶

The AIA provides an avenue by which the USPTO may investigate instances of fraud uncovered during an *ex parte* reexamination proceeding instituted via a supplemental examination request.²⁰⁷ Again, the scope of this avenue is yet to be discussed by the courts, but provides a potential means by which the USPTO may investigate fraud in the form of inequitable conduct.²⁰⁸ However, this is a narrow opening because such an investigation is limited to those *ex parte* reexaminations that are instituted pursuant to a supplemental examination request.²⁰⁹

Post-grant review proceedings may also involve claims of invalidity, but may additionally consider other types of defenses to infringement.²¹⁰ The statute allows for a “petitioner in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section [35 U.S.C. §] 282(b).”²¹¹ Where paragraph (2) or (3) of section 282(b) provides for defenses in the form of invalidity based on prior art, invalidity based on section 112, and invalidity based on section 251.²¹²

Note that this expands the tools available to a petitioner by expanding the defenses which can be raised.²¹³ Formerly, *inter partes* reexamination only allowed the petitioner to assert claims of invalidity based on prior art.²¹⁴

Even more restrictive than post-grant review, *inter partes* review proceedings may also involve claims of invalidity based on patents or printed publications.²¹⁵ This harkens back to the days of *inter partes* reexamination by not allowing investigation into other defenses to a claim of patent infringement.²¹⁶ As with *ex parte* reexamination, discussed

above, this includes the inability to assert claims of unenforceability due to inequitable conduct.²¹⁷

b. Discovery

One of the more interesting aspects of the noted types of administrative review is the ability to perform a limited level of discovery depending on which type of review is selected. *Ex parte* reexamination remains largely unchanged by the AIA and does not allow for a third-party requester to perform discovery.²¹⁸ Since the third-party requester is not allowed to participate in the *ex parte* reexamination, other than filing the initial request, this makes sense.²¹⁹ However, both post-grant review²²⁰ and *inter partes* review now have provisions for discovery during their proceedings.²²¹

With post-grant review, the discovery is limited to evidence relevant to factual assertions made by the opposite party during the proceeding.²²² A “good cause standard” is employed for discovery in post-grant review.²²³ With *inter partes* review, the discovery provisions are directed to the deposition of witnesses submitting affidavits or declarations and, more importantly, to that which “is otherwise necessary in the interest of justice.”²²⁴ It is this last provision which appears to provide the most interesting possibilities with respect to the issue presented in this paper.

c. Staying Litigation

Another issue surrounding *ex parte reexamination*, *post-grant review*, and *inter partes* review is whether litigation is currently occurring or may begin while the reexamination or review is instigated. In an *ex parte* reexamination, the patentee is under a duty to disclose any co-pending proceedings to the Director, including litigation.²²⁵ Additionally, the examiner is required to perform a litigation check to ensure that the USPTO is aware of any co-pending litigation.²²⁶ When litigation is instituted after the commencement of an *ex parte* reexamination, the Director may suspend the reexamination.²²⁷ The Director will generally not stay reexamination and the *ex parte* reexamination will continue unless the court finds a claim or claims invalid or unenforceable.²²⁸ If this occurs, the *ex parte reexamination with respect to these claims is suspended*.²²⁹ However, if a claim is found to be valid, this has no bearing on the *ex parte* reexamination and the reexamination will continue.²³⁰

On the opposite side, if an *ex parte* reexamination is requested after litigation has begun, the Director will not approve the petition until a stay is issued.²³¹ Courts will generally stay litigation until the Director has accepted or denied

the petition.²³² However, “[t]he court is not required to stay judicial resolution in view of the reexaminations.”²³³

Courts generally weigh three factors when deciding whether to grant a stay pending *ex parte* reexamination of the patent at issue: “(1) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether discovery is complete and whether a trial date has been set.”²³⁴ If the petition for reexamination is denied, the litigation proceeds as usual.²³⁵ If the petition is accepted, the court will continue to stay the proceeding until the reexamination is completed.

With respect to post-grant review and *inter partes* review, the co-pendency rules for these are much stricter.²³⁶ These rules dictate that a review will not be instituted if a civil action has been filed with respect to the claims of the patent.²³⁷ In the opposite case,

If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for *inter partes* review of the patent, that civil action shall be automatically stayed until either—(A) the patent owner moves the court to lift the stay; (B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or (C) the petitioner or real party in interest moves the court to dismiss the civil action.²³⁸

However, this automatic stay of civil litigation provision is tempered by the provision that an *inter partes* review must be instituted within one year of receiving a complaint of patent infringement.²³⁹

d. Estoppel Issues

As with any concurrent litigation and administrative proceedings, estoppel issues abound.²⁴⁰ The general concept of estoppel in this context is that it bars a petitioner from re-litigating a patent that has already undergone reexamination or review by the USPTO.²⁴¹ It also bars a petitioner who has previously litigated a patent from having the USPTO reexamine or review the patent with respect to the same issues.²⁴² While an entire series of articles may be written on the topic of estoppel issues surrounding *ex parte* reexamination, post-grant review, and *inter partes* review, the authors believe that the following presents a sufficient overview for the purposes of this article.

Generally speaking, *ex parte* reexamination does not carry with it the estoppel issues that the other two types of

review do.²⁴³ Indeed, the main issues surrounding estoppel, or the lack thereof, in *ex parte* reexaminations are strategic. If the *ex parte reexamination* is instigated by the patentee, estoppel does not apply because the patentee is never the adverse party to its patent.²⁴⁴ However, there exists a caveat in that anytime a patentee provides arguments or narrows the claims of a patent undergoing reexamination, this becomes part of the patent record and may be used by future parties in litigation.²⁴⁵

If the *ex parte* reexamination is instigated by a third party, this lack of estoppel is a double edged sword. On the one hand, a third party may benefit from the fact that it can have the USPTO review a patent that has already been litigated, thus giving it a second bite at the apple.²⁴⁶ On the other hand, the reexamination may result in a stronger patent that potentially enjoys a greater presumption of validity by the courts.²⁴⁷

Post-grant review and *inter partes* review on the other hand have codified estoppel provisions that limit third parties from re-litigating issues brought to the attention of the USPTO or the court, depending on which was instigated first.²⁴⁸ A third party attempting to instigate either a post-grant review or *inter partes* review is estopped from raising issues that were raised in a previous proceeding before the office.²⁴⁹ In fact, a party instigating a *inter partes* review is required to attest that they have standing to institute a proceeding which includes certifying that the petitioner is not barred or estopped from requesting the review.²⁵⁰ Similarly, a third party attempting to invalidate a patent via a civil action is estopped from raising issues that were, or could have been, raised in a prior post-grant review or *inter partes* review.²⁵¹

With respect to the predecessor of post-grant review and *inter partes* review, *inter partes* reexamination, the estoppel provision was seen as “the quid pro quo for a third-party’s enhanced opportunities to participate in reexamination.”²⁵² One of the goals of the estoppel provisions of *inter partes* reexamination was to prevent harassment of patentees by limiting the number of administrative and judicial challenges that may be brought by third parties.²⁵³ This has been continued with the enactment of post-grant review and *inter partes* review.²⁵⁴

Of particular importance is the provision in both post-grant review and *inter partes* review that estops a petitioner from asserting a claim “on any ground that the petitioner raised or reasonably could have raised during that . . .” review proceeding.²⁵⁵ This language is a holdover from *inter partes* reexamination²⁵⁶ and has been discussed extensively by commentators.²⁵⁷ Commentators and the USPTO have noted that “could have been raised” is unclear and could

be interpreted as meaning “that if all possible anticipatory features of a reference, and all possible permutations of obviousness combinations and their motivations to combine, are not explicitly argued in reexamination then they are not later assertable in litigation.”²⁵⁸ Thus a petitioning party should be wary when they challenge a patent using post-grant review and *inter partes* review procedures.

On the whole, *ex parte* reexamination, post-grant review, and *inter partes* review appear to be exceptionally powerful vehicles for parties seeking to invalidate all or part of patent, if only for the fact that it is many orders of magnitude less expensive than litigation.²⁵⁹ For instance, patent litigation may easily exceed \$1 million while the filing fees for *ex parte* reexamination are currently set at \$17,750, post-grant review at \$35,800, and *inter partes* review at \$27,200²⁶⁰ exclusive of attorneys fees mind you.

II. Analysis

This section provides three examples of instances where a CNS does not have the effect of fully removing subject matter jurisdiction from the court. The first two examples involve forms of jurisdiction that may attach because of the specific circumstances of a litigated case. The third example involves a stand-alone cause of action, which, if plead in the declaratory judgment complaint, has the possibility of allowing the court to retain jurisdiction. This section also provides examples of administrative remedies that may be sought either independent of, or concurrent with an infringement suit, any of which may serve to invalidate an asserted patent in the face of a CNS.

A. Judicial Means of Retaining Jurisdiction

There are four major substantive defenses that an otherwise infringing party may make that will preclude the enforcement of a patent:²⁶¹ (1) patent invalidity;²⁶² (2) inequitable conduct;²⁶³ (3) misuse or violation of antitrust laws;²⁶⁴ and, (4) delay in filing suit resulting in laches or estoppel.²⁶⁵ Of these four major defenses, three have direct application to claims brought under the Declaratory Judgment Act and the retention of subject matter jurisdiction—invalidity, unenforceability based on inequitable conduct, and antitrust. The following sections demonstrate instances in which the circumstances of the case and the way in which a purported infringer’s defense is structured may provide means by which the court may retain jurisdiction.

1. Jurisdiction Over Invalidity and Unenforceability via 35 U.S.C. § 285 Claims of Exceptionality

Claims of exceptionality brought pursuant to the attorney’s fees section of 35 U.S.C. § 285²⁶⁶ have been applied to the question of subject matter jurisdiction.²⁶⁷ Section 285 governs the fee shifting provisions of Title 35 and allows the court, in exceptional cases, to award “reasonable attorney fees to the prevailing party.”²⁶⁸

In *Highway Equipment Co. v. FECO, Ltd.*,²⁶⁹ the Court of Appeals for the Federal Circuit held that exceptionality acts as its own independent basis for jurisdiction over invalidity claims and thus cannot be circumvented by a CNS.²⁷⁰ In *Highway Equipment*, the defendant, in its answer to an infringement suit, counterclaimed for a declaratory judgment of non-infringement and invalidity.²⁷¹ It also sought costs and attorney fees pursuant to Section 285.²⁷² After the plaintiff issued a CNS,²⁷³ the district court held that it retained jurisdiction pursuant to Section 285 to determine if exceptionality existed, but found that exceptionality did not exist.²⁷⁴

On appeal by the defendant, the plaintiff argued that the district court’s jurisdiction to enter a ruling on the validity of the patent was removed once the CNS was issued.²⁷⁵ The CAFC found that the retention of jurisdiction was proper and that the district court could issue a ruling on the validity of the patent-in-suit based on the jurisdiction inherent in the Section 285 counterclaim.²⁷⁶

Retention of subject matter jurisdiction under Section 285 was further extended to claims of unenforceability in *Monsanto Co. v. Bayer Bioscience N.V.*²⁷⁷ In *Monsanto*, four patents were initially asserted against the defendant.²⁷⁸ Later, subject matter jurisdiction was removed from three of the four via a CNS.²⁷⁹ The district court held that the all of the patents were unenforceable due to inequitable conduct.²⁸⁰

On appeal, the patent holder argued that the district court was without jurisdiction to render the removed patents unenforceable.²⁸¹ The CAFC held that subject matter jurisdiction was retained pursuant to *Highway Equipment*;²⁸² a finding of inequitable conduct pursuant to Section 285 necessarily confers jurisdiction to hold patents unenforceable for inequitable conduct.²⁸³

It is important to note that exceptionality under Section 285 does not have to be found in order for the court to render a patent invalid or unenforceable.²⁸⁴ The standard that must be met in order to find the case exceptional does not necessarily equate to a finding of invalidity.²⁸⁵ For example, a patent may be held invalid based on a piece of prior art that was not known by the patentee nor considered by the examiner.²⁸⁶ Such a patent holder would

have neither knowledge nor intent to deceive as required by Section 285.²⁸⁷ In this situation the court may hold a patent invalid but find the case not exceptional.²⁸⁸ It is the retention of jurisdiction and not exceptionality based on intent to deceive that is the key issue.

A further limitation exists with respect to the finding of jurisdiction under Section 285: a party must be a prevailing party in order to invoke its jurisdiction.²⁸⁹ *Highway Equipment* held that prevailing party status accrued because the dismissal was granted pursuant to FRCP 41(a)(2)²⁹⁰ and was with prejudice, thus making the declaratory judgment plaintiff a prevailing party.²⁹¹ A dismissal pursuant to FRCP 41(a)(1),²⁹² however, has been held not to invoke prevailing party status, disallowing the accrual of jurisdiction.²⁹³ This is so as long as the dismissal under FRCP 41(a)(1) is without prejudice.²⁹⁴

2. Jurisdiction Over Unenforceability Claims Concerning Interrelated Patents

Jurisdiction over claims of unenforceability has been extended to patents no longer before the court if they share a sufficiently close relationship to those in suit.²⁹⁵ This doctrine dictates that if a series of patents are closely interrelated, a finding of one patent to be unenforceable renders all the interrelated patents unenforceable as well.²⁹⁶ However, this is tempered by the fact that the patents in question must have been plead in the original declaratory judgment motion or been asserted by the patent owner.²⁹⁷

This doctrine is illustrated in *Nilssen v. Osram Sylvania, Inc.*,²⁹⁸ a case in which the court retained jurisdiction over two patents not in suit and found them unenforceable.²⁹⁹ In *Nilssen*, the plaintiff initially asserted fifteen patents against the defendant.³⁰⁰ But, just prior to trial, the plaintiff removed four of the patents from the suit by issuing a “statement of non-liability.”³⁰¹ At trial, it was revealed that the remaining patents were unenforceable because they were granted based on an affidavit from a non-disinterested party.³⁰² The district court thereafter applied what it termed the “doctrine of infectious unenforceability” to hold two of the removed patents unenforceable.³⁰³ On appeal, the CAFC upheld this ruling as within the court’s discretion.³⁰⁴

Monsanto also upheld this doctrine and seemingly intermingled it with jurisdiction over invalidity and unenforceability findings based on Section 285.³⁰⁵ The court implied that even absent claims based on Section 285, the court would have retained jurisdiction over the removed claims of *Monsanto* based on the interrelatedness of the four patents at issue.³⁰⁶ It is unclear whether the integration of the *Nilssen* ruling into the *Monsanto* decision would have a reverse effect, i.e. that a

finding of invalidity—based on unknown prior art, for example—could be applied to patents that are interrelated.

This doctrine has become more difficult to invoke based on the CAFC’s recent decision in *Therasense, Inc. v. Becton, Dickinson and Co.*³⁰⁷ In this case, the CAFC realigned the rules governing the threshold levels of intent and materiality that must be proven to hold a patent unenforceable due to inequitable conduct.³⁰⁸ For a patent to be rendered unenforceable due to inequitable conduct, “the accused infringer must prove by clear and convincing evidence that the applicant knew of the reference, knew that it was material, and made a deliberate decision to withhold it.”³⁰⁹ The materiality provision now applies the ‘but-for’ standard in which the court must determine that “the PTO would not have allowed a claim had it been aware of the undisclosed prior art.”³¹⁰

3. Jurisdiction Based on the Sherman Act

Yet another independent means of retaining jurisdiction exists with claims brought under Section 2 of the Sherman Act.³¹¹ In 1967, the Supreme Court, in *Walker Process Equipment, Inc. v. Food Machinery and Chemical Corp.*,³¹² extended the reach of the Sherman Act to illegal use of patents.³¹³ In this context, the Court, for the first time, found that antitrust liability applies where a party can show that a patent holder “knowingly and willfully misrepresent[ed] facts to the Patent Office.”³¹⁴ The dichotomy in allowing an anti-monopoly statute to be applied to a government granted monopoly was not lost on the court, though it held that the public interest in avoiding monopolistic behavior overrides the public interest in granting patents.³¹⁵

Walker Process liability has also been extended in *Handguards, Inc. v. Ethicon, Inc.*³¹⁶ to patent holders who are in possession of a fraudulently obtained patent, but who themselves did not perform the actual fraudulent procurement.³¹⁷ In these situations, a patent owner who has knowledge of the fraudulent procurement, yet still asserts the patent may incur liability.³¹⁸

A party seeking to successfully establish antitrust liability must first satisfy the non-patent-specific elements of the Sherman Act.³¹⁹ These elements include: (1) defining the relevant market and (2) proving the antitrust defendant’s ability to control the market.³²⁰

Walker Process allows a plaintiff to satisfy the second of these requirements by showing that a patent was fraudulently obtained.³²¹ It is unclear whether the assertion of an unenforceable patent by a party would incur antitrust liability, all other things being equal. Conceptually, the assertion by

the patentee of an otherwise valid patent that was thereafter rendered unenforceable due to inequitable conduct would fall within the rubric of anti-competitive behavior.

The *Walker Process* test is a difficult one to pass, however.³²² First, an antitrust plaintiff must provide clear and convincing proof that the patent is invalid.³²³ Second, *Walker Process* and *Handguards* both require intent to deceive the Patent Office on the part of the patentee.³²⁴ Third, the patentee must have attempted to enforce the fraudulently procured patent against the antitrust plaintiff.³²⁵ Finally, the patentee's acts of enforcement must have actually driven the antitrust plaintiff from the market.³²⁶

The enforcement aspect of *Walker Process* has been interpreted to parallel the requirements of the immediacy requirement of declaratory judgments.³²⁷ As with declaratory judgments, initiation of a lawsuit by the patent holder automatically constitutes enforcement.³²⁸ In the absence of an explicit threat, enforcement can be proven using the standards of the justiciability test for subject matter jurisdiction, namely the all the circumstances test of *MedImmune*.³²⁹

As with claims based on Section 285, a claim of violation of the Sherman Act is its own cause of action.³³⁰ However, both are often pled in conjunction with claims of non-infringement, invalidity, or unenforceability brought under the Declaratory Judgment Act.³³¹ Where Sherman Act claims differ from both declaratory judgment claims and Section 285 claims is in the exceptional burden placed on the antitrust plaintiff to prove the existence of a cause of action.³³²

A representative example of the difficulty faced by Sherman Act plaintiffs is illustrated in *Golan v. Pingel Enterprises, Inc.*³³³ In that case, the plaintiff brought suit against the defendant-patentee for, among other things, violation of the Sherman Act.³³⁴ Prior to trial, the district court granted the defendant's motion for summary judgment on the Sherman Act claims noting that the defendant "made no actionable false or misleading statements."³³⁵ The court granted the motion in the face of cease and desist letters to the plaintiff's customers and oral threats infringement.³³⁶

On appeal, the Court of Appeals for the Federal Circuit affirmed noting that though the threats may have resulted in a justiciable controversy under declaratory judgment standards, Sherman Act liability sufficient to survive summary judgment was not shown.³³⁷ Specifically, the Court of Appeals found that the plaintiff was unable to establish a narrow, relevant market nor that the defendant held monopoly power over any such market.³³⁸ Without meeting these initial burdens, summary judgment was correct.³³⁹

Though *Walker Process* liability is difficult to prove, it provides an example of a means by which the courts have extended jurisdiction even in the face of a CNS. This, combined with Section 285's ability to retain jurisdiction and the retention of jurisdiction over interrelated patents, shows that, given the proper circumstances, a court may extend jurisdiction where it believes such extension is proper.

4. Potential Issues with Retaining Jurisdiction Via the Noted Judicial Means

There is no doubt that a claim brought under the Sherman Act as well as claims for attorney's fees brought under Section 285 allow for the retention of jurisdiction even in the face of a CNS.³⁴⁰ These means represent their own causes of action and case law mandates that they are not obviated by utilizing a CNS.³⁴¹

The result of this may be that a purported infringer wishing its claim to survive a CNS should hedge its bets and include claims for either of these causes of action, whether or not the evidence supports such an assertion. Assuming that the purported infringer could survive a summary judgment motion to dismiss, this might well be a workable strategy.

Opponents of this type of gamesmanship will argue that asserting these claims without actual evidence opens the asserting party to litigation sanctions under FRCP 11(b)(3) for lack of evidentiary support.³⁴² While it is certainly true that filing a pleading without evidentiary support may invoke FRCP Rule 11 sanctions, it is also true that claims of invalidity are often plead early in a case without proper support.³⁴³ Prior to discovery, a party asserting invalidity as well as exceptional-ity or Sherman Act claims has little evidence to support its allegations.³⁴⁴

Additionally, detractors will note that Congress specifically denoted the Declaratory Judgment Act as a remedy rather than a cause of action.³⁴⁵ Thus, a specific claim brought under the Declaratory Judgment Act must itself confer the appropriate jurisdiction rather than the other way around.³⁴⁶ Though scholars debate this point, a plain reading of the Declaratory Judgment Act shows that it is the individual claim or claims that must confer the jurisdiction.³⁴⁷

The remaining judicial means of retaining jurisdiction—through interrelated patents—is similarly limited. For a court to retain jurisdiction, the patent in question must have emanated from the same parent application or share the same general content as patents later found to be invalid or unenforceable.³⁴⁸ In such a situation, the interrelated patent must also be within the suit in question, either asserted by the patent

owner or brought under a declaratory judgment action by the purported infringer.³⁴⁹ This is a tall mountain to climb and is fact-specific to the patent or patents in each case.³⁵⁰

A party bringing a declaratory action must have also claimed the interrelated patents in its original suit, again limiting the applicability of this means of retaining jurisdiction.³⁵¹ Impliedly though, this means of retaining jurisdiction has implications beyond merely interrelated patents. By utilizing this equitable power, a court is effectively extending its jurisdiction to patents no longer in suit. From this it can be surmised that the court can, if it wishes to do so, further extend jurisdiction in situations where an Article III case or controversy is seemingly removed by a covenant not to sue.³⁵²

B. Administrative Proceedings in the Form of Ex Parte Reexamination, Post-Grant Review, and Inter Partes Review Proceedings before United States Patent and Trademark Office

There are three administrative review proceedings that are available to a third party who would like to render a patent invalid: (1) *ex parte* reexamination,³⁵³ (2) post-grant review,³⁵⁴ and, (3) *inter partes* review.³⁵⁵ Each type of proceeding has potential uses and may be employed even in the face of a CNS. These administrative proceedings are more mechanistic than the above-noted judicial means of retaining jurisdiction.

Initially, it should be noted that there are several factors that a complete petitioner must weigh that are common to all three types of administrative review. First, none of the three may explicitly delve into inequitable conduct issues.³⁵⁶ This has been a mainstay of these types of proceedings since 1988.³⁵⁷ However, *inter partes* review does have a provision that allows for discovery that “is otherwise necessary in the interest of justice,” which may allow such investigations should they present themselves.³⁵⁸

Additionally, a patentee cannot enlarge the scope of a patent during such proceedings.³⁵⁹ This is advantageous from the petitioner’s point of view because the petitioner does not have to worry about the patentee emerging from the proceeding with greater rights. On the other hand, the patentee may emerge with a stronger patent, i.e., a patent that has an even greater “presumption of validity.”³⁶⁰

Finally, and of particular importance, is the issue of protective orders surrounding patents that have been litigated or are currently in litigation. A CNS in and of itself does not preclude a party from seeking any of the noted administrative remedies; however, it is common practice for a patentee to request a protective order during litigation under Federal Rule of Civil Procedure 26(c).³⁶¹ This is generally referred to as the

‘prosecution bar’ and is in place so that an opposing party in litigation does not use confidential information acquired through discovery during future prosecution.³⁶² Thus anything uncovered during discovery is off-limits for anything other than the suit before the court.³⁶³

Courts are split as to whether a protective order has the effect of barring a lawyer—and thus anything the lawyer became aware of during discovery—from participating in a reexamination after issuance of the protective order, however. Several courts have found that protective orders are sufficiently restrictive to bar the use of information acquired during litigation from being utilized during a reexaminations.³⁶⁴ Other courts have found that there is little harm in allowing such reexaminations to take place, because a reexamination is based on patents and printed publications within the public domain thus negating the confidentiality of any documents uncovered.³⁶⁵ The facts of each case are different and, as such, it is unpredictable whether a court will bar a reexamination based on a protective order.³⁶⁶

The protective order issues discussed have thus far only dealt with reexaminations. Post-grant review and *inter partes* review are both new and thus such issues have not come before the courts yet. The authors believe that both review proceedings will follow the reexamination case law with regard to protective orders and the ‘prosecution bar.’ With these issues in mind a discussion of each of the available review proceedings is presented in order from least to most useful.

1. Post-Grant Review Proceedings

Possibly the weakest of the three proceedings is post-grant review.³⁶⁷ This type of review may be petitioned for within a nine month window after a patent has issued.³⁶⁸ The petition must be based on a patent or printed publication that has bearing on the patentability of the patent at issue.³⁶⁹ This review proceeding is available to patents filed on or after March 16, 2013.³⁷⁰

Post-grant review has the highest legal standard of the three forms of review as a petitioner must show that it is ‘more likely than not’ that a reference cited by the petitioner will result in the cancellation of one or more of the patent claims.³⁷¹ This standard requires that the petitioner show that it has a greater than 50% chance of prevailing.³⁷²

A party whose petition is granted also has the ability to participate in the review process.³⁷³ This includes the ability to provide responses to a patentee’s responses to office actions³⁷⁴ and the ability to perform limited amounts of discovery.³⁷⁵ The ability to offer responses to patentee arguments is one of the strong points of post-grant review and allows

the petitioner to rebut arguments made by patentees.³⁷⁶ Discovery in post-grant review proceedings are limited to factual assertions made by the opposing party and must be for good cause.³⁷⁷

Estoppel provisions for post-grant-review are relatively strict.³⁷⁸ If a civil action challenging the validity of the claim is asserted by the petitioner prior to requesting the review (i.e., a DJ action), the petition will not be granted.³⁷⁹ Presumably, in this instance, the plaintiff could request that the suit be dismissed without prejudice in order to refile the suit after a review was instituted. If the civil action is filed by the petitioner prior to the instigation of a review proceeding, the action is automatically stayed as required by statute.³⁸⁰ Finally, in the instance where a civil action claiming patent infringement is asserted by the patentee, a post-grant review must be petitioned for within the 9-month window after grant.³⁸¹

The authors consider this the weakest of the three review proceedings because of the limited timeframe for which review may be instigated, the relatively high legal standard which must be shown, and the rather limiting estoppel provisions. A third party wishing to have a patent reviewed would have to file its petition within the 9-month window after issue and before instituting a civil action.³⁸² It is unlikely that patentee would assert a patent and thereafter an accused infringer would be able to meet this timeframe given the facts of most patent-related DJ cases. Thus, this form of review is of little use to a party having a patent asserted against it.

2. Inter Partes Review Proceedings

The second-most attractive form of review proceeding is *inter partes* review.³⁸³ *Inter partes* review offers several benefits that make it attractive to a party being sued for patent infringement. One of the major advantages that *inter partes* review offers is that a petitioner is allowed to participate in the review process.³⁸⁴ Petitioners have the ability to provide an answer to arguments the patentee makes to an examiner.³⁸⁵ This is a powerful tool because it allows the petitioner to rebut arguments made by the patentee.

Inter partes review has a more lenient legal standard than post-grant review.³⁸⁶ Here the petitioning party must show that there is a 'reasonable likelihood of success' that a reference cited by the petitioner will result in the cancellation of one or more of the patent claims.³⁸⁷ This is less stringent than the 'more likely than not' standard and requires a showing that there is a 50/50 chance that the reference cited will result in the cancellation of at least one of the claims.³⁸⁸

Also, as previously noted, *inter partes* review offers the petitioner the opportunity to perform a limited level of discovery with regard to deposition of witnesses who submit affidavits or declarations.³⁸⁹ This allows petitioners the ability to rebut assertions made by a patentee to overcome an obviousness rejection, for instance, without having to file a separate lawsuit. An additional provision is also provided that allows for discovery that "is otherwise necessary in the interest of justice."³⁹⁰ This enhanced discovery will most surely aid the ability of a petitioner to rebut any additional evidence offered by a patentee and is thus a valuable tool.

Detracting from *inter partes* review are the estoppel provisions as discussed in the post-grant review section.³⁹¹ These provisions mirror one another and limit the grant of a petition based on whether a civil suit has been instituted.³⁹² If the petitioner has brought suit, then it is barred for petitioning for an *inter partes* review.³⁹³ If the patentee has brought suit, then the petitioner has one year to petition for *inter partes* review.³⁹⁴

This form of review provides a tantalizing option for a DJ plaintiff who has subject-matter jurisdiction removed from its case via a CNS. Only its timing limitations and estoppel provisions weaken it as an option for parties faced with a CNS. For instance, it is unlikely that a DJ plaintiff will perform discovery in a timely enough fashion to meet the one-year deadline. This coupled with the 'prosecution bar' issues discussed previously limits its overall utility in the fact scenario presented.

3. Ex Parte Reexamination Proceedings

The most viable review proceeding of those discussed is *ex parte* reexamination. Instituting an *ex parte* reexamination presents a viable strategy for a party seeking to invalidate an issued patent, even in the face of a CNS. This mechanism allows any party, at any time, to petition the court for a reexamination³⁹⁵ as long as a 'Substantial New Question' of patentability exists.³⁹⁶ As discussed, this is a very low threshold³⁹⁷ and recent statistics disclose that the Director has historically instituted a *ex parte* reexamination 92% of the time.³⁹⁸

Unlike post-grant review and *inter partes* review, *ex parte* reexamination does not have a statutory time limit; a party may petition for reexamination at any time prior, during, or after litigation.³⁹⁹ If *ex parte* reexamination is sought prior to litigation, there is no problem and the reexamination proceeds as a normal patent examination. Litigation brought after the reexamination commences will have no effect on the proceeding and the patentee will have to defend its patent on two fronts.⁴⁰⁰ If the *ex parte* reexamination is instituted after the commencement of litigation, a stay must be sought.⁴⁰¹ The stay is left to the discretion of the trial judge, though generally a stay will be granted.⁴⁰²

The question becomes, then, who institutes the reexamination in the fact situation presented? The patentee is unlikely to institute such a proceeding because they do not want their patent to be narrowed or even cancelled.⁴⁰³ Though, it is possible that they may emerge with a stronger patent.⁴⁰⁴ The party having the patent asserted against it is the obvious choice; however protective orders are usually in place during litigation, thus stopping the party from asserting a relevant prior art reference it uncovered during discovery.⁴⁰⁵ As discussed above, courts are split as to whether protective orders can be asserted to bar a party from petitioning for reexamination.⁴⁰⁶

The only party left therefore is the court. The Court of Appeals for the Federal Circuit has ruled that courts may not compel a patentee to seek a reexamination because a reexamination requires that the patentee must believe that the patent is defective.⁴⁰⁷ Few patentees would admit to this. However, there is no rule that a court cannot request an *ex parte* reexamination of a patent.

MPEP 2203 states that “[t]he patent owner, or any member of the public, may submit prior art citations of patents or printed publications to the Office. 35 U.S.C. 301 states that, “[a]ny person at any time may cite to the Office”⁴⁰⁸ MPEP 2203 further clarifies this to note that “[a]ny person’ may be a corporate or governmental entity as well as an individual.”⁴⁰⁹ Thus it appears that a mechanism is in place whereby the court may petition the USPTO for an *ex parte* reexamination.⁴¹⁰ There is even a provision that allows the Director to waive any fees required for the institution of a reexamination or review.⁴¹¹

The authors believe that this is a workable alternative and that *ex parte* reexamination’s lack of a time limit, low legal standard, and lack of strict estoppel provisions make it the perfect vehicle to resolve the issue presented. Additionally, minor changes to the petition requirements would allow for a streamlined petition process that would bypass some of the duplicative work required to institute an *ex parte* reexamination.

III. Proposed Solution

It seems incongruous that a potentially invalid patent may be allowed to remain merely because the patent owner issues a CNS. It seems equally incongruous to force a party to continue with litigation when no longer wishes enforce its patent against a DJ plaintiff. In its current guise, our system allows for a patentee to remove the case and controversy requirement and thus end litigation. It may do this even when—

or perhaps because of—a potentially invalidating piece of prior art has been uncovered.

To resolve these seemingly conflicting ideals, the authors propose two options that would resolve this issue. Initially, the authors propound the extension subject matter jurisdiction to all claims of invalidity brought under the Declaratory Judgment Act such that a CNS may not be used to obviate a potentially invalidating piece of prior art. The authors also assert that the use of *ex parte* reexamination, instigated by the courts and administered by the USPTO, is an equally compelling means to resolve this issue.

A. The Extension of Currently-Accepted Judicial Means

As noted in the preceding sections, a court may extend jurisdiction over claims of violation of the Sherman Act or claims based on Section 285.⁴¹² Each of these derives its jurisdiction-retaining power because they constitute their own cause of action and are independent of the underlying infringement suit.⁴¹³ Claims brought pursuant to the Declaratory Judgment Act must always carry their own jurisdiction.⁴¹⁴

However, neither of these causes of action were initially held to confer jurisdiction.⁴¹⁵ In both cases either the Supreme Court or the CAFC sided with the party claiming that jurisdiction existed, thus allowing the court to determine whether the inequitable assertion of a patent had occurred.⁴¹⁶ Prior to their assertion by the aggrieved party, neither of these causes of action was originally seen to satisfy the case or controversy requirement on their own accord.⁴¹⁷ It was only after the court recognized the inequitable burden placed on the patent system that these jurisdiction-retaining means were recognized.⁴¹⁸

Further, the court has not hesitated in extending jurisdiction to claims of invalidity or unenforceability levied against patents that are interrelated or derived from the same general invention.⁴¹⁹ This shows that if the court considers a wrong egregious enough, it will project its equitable powers to right the wrong.⁴²⁰ It is unclear whether a court may extend subject matter jurisdiction to patents subject to a CNS or whether such power resides in the equitable powers of the court itself.⁴²¹ Yet courts may, and do, extend this power.⁴²²

The combination of the Declaratory Judgment Act and the court’s equitable function lays the groundwork for the extension of jurisdiction. Functionally, the proposed extension of jurisdiction would only occur in the limited circumstance where, during litigation, the parties became aware of a potentially invalidating piece of prior art and a CNS was issued to avoid this piece of art. Thereafter, the court would exercise its equitable powers

and would retain jurisdiction to consider the art in question. If the art was not invalidating, there would be limited harm in this exercise. If the art was found to be invalidating, the court would have utilized the opportunity to fulfill the important function of removing an improvidently granted patent.

Extending jurisdiction in this way would better accomplish the Declaratory Judgment Act's intended purpose and would forestall the assertion of a patent that does not disserve the limited monopoly granted to it.⁴²³

B. Utilizing Administrative Remedies

Administrative remedies before the USPTO provide a further means by which the judiciary may address the validity of patent claims even in the face of a CNS. Of the available administrative remedies, it is *ex parte* reexamination which presents the most viable solution.⁴²⁴ The USPTO, through reexamination proceedings, has perpetual jurisdiction over patents throughout their enforceable life.⁴²⁵ Additionally, where the validity of a patent is in question, the USPTO is uniquely qualified to interpret validity issues because of the heavy technical burdens required to reach a correct conclusion.⁴²⁶

In the proposed scenario, it is the judge who would exercise her discretion and equitable powers to initially determine whether an *ex parte* reexamination should be sought based on a reference uncovered during litigation. If this initial determination is met, the judge would then request that the Director institute an *ex parte reexamination* based on reference that the Judge forwards to the Director.⁴²⁷ This would be done without deference to the wishes of the parties involved in the litigation.

As it currently stands, a party seeking an *ex parte* reexamination is required to provide a written request and pay the required fee.⁴²⁸ A request "must set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested."⁴²⁹ This pertinency requirement would likely be overly burdensome on a judge and therefore it is proposed that the Director waive this requirement when the request is initiated by a judge. This would be akin to the situation where the Director instigates a reexamination on her own volition.⁴³⁰ Along with this, it is noted that the fee requirement may be waived by the Director at her discretion.⁴³¹

Waiving both the pertinency and fee requirements would allow cited information to be evaluated by the Director. Thus it would be the Director that would exercise jurisdiction over the patent at issue rather than the judge. The filing of petition would merely inform the USPTO of a potential issue with a valid patent and the USPTO would make the determination as to whether it is applicable.

Allowing the USPTO, through the Judiciary, to evaluate potentially invalidating references would resolve the scenario presented in this discussion. It would also skirt the issue of a lack of subject-matter jurisdiction when a CNS is issued. It would, however, no longer allow the DJ plaintiff to participate in the invalidation process. In sum, this is a viable solution that should be implemented when the fact scenario presents itself.

C. Public Policy Rational

It is against public policy to allow an invalid patent to be asserted by a patentee.⁴³² The U.S. patent system is grounded on the give and take between patent owners and the government.⁴³³ This fact, however, assumes that the patent in question was granted under proper pretenses⁴³⁴ and that the patent is indeed new, novel, and non-obvious.⁴³⁵

A patent that is invalid because of a prior art reference that was not considered during prosecution and which may be invalidating, must be ferreted out when the opportunity presents itself.⁴³⁶ Allowing patent owners to avoid such a determination through the issuance of a CNS circumvents the patent system's checks and balances.⁴³⁷ As such, public policy considerations call for the judiciary to utilize its equitable powers and to evaluate the validity of a patent when the opportunity arises. This may take the form of either extended jurisdiction, even in the face of a CNS, or utilization of the USPTO's *ex parte* reexamination process.

Conclusion

The Declaratory Judgment Act was passed as a means to allow accused parties to strike first and bring their case to court.⁴³⁸ The spirit of the Act, however, may be circumvented in the circumstance where a patent owner has the ability to avoid a determination of invalidity by issuing a CNS. It is proposed that courts should hold that subject matter jurisdiction sufficient to satisfy Article III's case or controversy requirement exists in such situations. It is also proposed that the judiciary utilize the administrative remedies open to it by employing *ex parte* reexamination where appropriate. Doing so would provide for a mechanism to guard against improperly obtained patents and supports the important public policy of ensuring that only valid patents remain enforceable. ■

Endnotes

- 1 Jason Tiedeman received his B.S. and M.S. in Mechanical Engineering from the University of Florida, and his J.D. from the John Marshall Law School. He would like to thank Daniel P. Sullivan for his editing assistance. He would also like to thank his family for their continued love and support.

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 - 3 28 U.S.C. § 2201 (1988) (stating “[i]n a case of actual controversy within its jurisdiction. . . any court of the United States. . . may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.”).
 - 4 Lorelei Ritchie de Larena, *Re-evaluating Declaratory Judgment Jurisdiction in Intellectual Property Disputes*, 83 IND. L.J. 957, 959 (2008) (noting that “[i]ntellectual property disputes are prime candidates for declaratory relief”); Jonathan S. Pope, *Declaratory Judgment Jurisdiction in Patent Disputes: A Rock and a Hard Place*, 9 J. MARSHALL REV. INTEL. PROP. L. 583, 584-85 (2009) (reiterating that the Declaratory Judgment Act is utilized often in patent litigation).
 - 5 *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1381 (Fed.Cir. 2007) (noting a party's opportunity to establish its legal rights without risking an infringement suit). The court stated:

[W]here a patentee asserts rights under a patent based on certain identified ongoing or planned activity of another party, and where the party contends that it has the right to engage in the accused activity without a license, an Article III case or controversy will arise and the party need not risk a suit for infringement by engaging in the identified activity before seeking a declaration of its legal rights.

Id.
 - 6 *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1059 (Fed. Cir. 1995) (describing an instance in which a threat of suit brought about an action for declaratory judgment).
 - 7 See *Arrowhead Indus. Water, Inc. v. Ecolochem, Inc.*, 846 F.2d 731, 735 (Fed. Cir. 1988) (contrasting the state of patent law prior to the Declaratory Judgment Act in which the “scare-the-customer-and-run tactics” were used by certain patent holders to stifle competition with the ability of today's alleged infringers to have their case heard).
 - 8 See *Am. Well Works Co. v. Layne & Bowler Co.*, 241 U.S. 257, 258-59 (1916) (illustrating the danger to competition when a declaratory judgment mechanism was unavailable); *BP Chems. Ltd. v. Union Carbide Corp.*, 4 F.3d 975, 978-79 (Fed. Cir. 1993) (describing a situation in which no direct assertions of infringement were made, yet the patent holder continually asserted its patented technology as a marketing tool); *Arrowhead*, 846 F.2d at 733, 739 (sending letters to a purported infringing manufacturer's customers asserting that they were not licensed to use the patented technology was seen to confer jurisdiction).
 - 9 See *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 133-34 (2007) (noting that one of the purposes of the Declaratory Judgment Act was to avoid the precarious position in which an accused infringer may risk treble damages).
 - 10 See Donald L. Doernberg & Michael B. Mushlin, *The Trojan Horse: How the Declaratory Judgment Act Created a Cause of Action and Expanded Federal Jurisdiction While the Supreme Court Wasn't Looking*, 36 UCLA L. REV. 529, 560-61 (1989) (explaining the decision to broaden federal question jurisdiction in declaratory judgment cases).
 - 11 See *MedImmune*, 549 U.S. at 127 (stating that “a substantial controversy, between the parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment” must exist between the parties (*quoting* *Md. Cas. Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273 (1941))).
 - 12 *Id.* (*quoting* *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240-41 (1937)).
 - 13 See Pope, *supra* note 2, at 584-87 (discussing the various ways the court determines whether the actions of a patentee may result in an actionable “case or controversy”).
 - 14 See *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1339 (Fed. Cir. 2008) (showing an example of how a patentee can cause injury) (*offering Arrowhead*, 846 F.2d at 737 as example).
 - 15 See, e.g., *Super Sack*, 57 F.3d at 1059 (noting that issuing a covenant not to sue removed subject matter jurisdiction, and thus, the court was forced to grant patent holder's requested dismissal).
 - 16 *Grain Processing Corp. v. Am. Maize-Prods. Co.*, 840 F.2d 902, 905 (Fed. Cir. 1988) (enunciating that an actual case or controversy is an “absolute predicate” for declaratory judgment jurisdiction); *Bolar Pharm. Co. v. Bristol Labs.*, 225 U.S.P.Q. 231 (S.D.N.Y. 1984) (noting that a suit brought to invalidate a drug patent was rendered moot when the patent expired as no actual controversy remained for the court to enter judgment).
 - 17 See U.S. CONST. art. III, § 2, cl. 1 (stating that “[t]he judicial power shall extend to all cases, in law and equity, arising under this Constitution . . . [and] to controversies to which the United States shall be a party.”); *Md. Cas. Co.*, 312 U.S. at 273 (noting that the difference between a controversy and an abstract question is “necessarily one of degree” and thus a precise test covering every circumstance is difficult to formulate).
 - 18 See *Super Sack*, 57 F.3d at 1060-61 (announcing the “Super Sack” doctrine whereby subject matter jurisdiction may be removed via CNS).
 - 19 See *id.* at 1060 (discussing the jurisdictional limitations). However, note that claims of unenforceability are not obviated by issuing a CNS. See *Jervis B. Webb Co. v. S. Sys., Inc.*, 742 F.2d 1388, 1399 n.8 (Fed. Cir. 1984) (stating that “when the proof at trial establishes a basis, e.g., fraud, derivation, for such judgment” a court may still retain jurisdiction over the case); see also, e.g., *Amgen, Inc. v. Ariad Pharm., Inc.*, 577 F. Supp. 2d 702, 713-14 (D. Del. 2008) (finding that a CNS did not absolve the court of subject-matter jurisdiction in a declaratory judgment action where issues of unenforceability due to inequitable conduct were asserted by the plaintiff).

- 20 See James Juo & David J. Pitman, *A Prosecution Bar in Patent Litigation Should Be the Exception Rather than the Rule*, 15 VA. J.L. & TECH. 43, (2010) (discussing various facets of the “prosecution bar” wherein an attorney involved in the litigation of a patent is barred from thereafter prosecuting later matters related to the patent-in-suit).
- 21 See *Highway Equip. Co. v. FECO, Ltd.*, 469 F.3d 1027, 1032–33 (Fed. Cir. 2006) (finding that the patent holder, but for alternate grounds of subject matter jurisdiction, would have been able to escape from a determination of invalidity based on a declaration and covenant not to sue); see also *Super Sack*, 57 F.3d at 1059 (holding that no matter the evidence before the court, a covenant not to sue removes “any controversy sufficient[] . . . to confer jurisdiction” and denies the court the ability to issue a ruling).
- 22 28 U.S.C. § 2201 (1988).
- 23 See *MedImmune*, 549 U.S. at 132 n.11 (2007) (enunciating the “all the circumstances test” for determining subject matter jurisdiction).
- 24 See Doernberg & Mushlin, *supra* note 8, at 561 (noting that though the fifteen years separating the first introduction of the Declaratory Judgment Act and its eventual adoption may seem excessive, the legal landscape had changed significantly).
- 25 See Doernberg & Mushlin, *supra*, note 8, at 531–32 (stating that “[a] declaratory judgment action is designed to permit a party to obtain an ‘authoritative judicial statement of the legal relationships,’ regardless of whether a coercive legal or equitable remedy is sought.” (quoting Notes: *Federal Question Jurisdiction of Federal Courts and the Declaratory Judgment Act*, 4 VAND. L. REV. 827, 830 (1951))). See also 8 CHISUM ON PATENTS § 21.02[1][d][i] (2008) (stating “a potential defendant in an infringement suit is allowed to take the initiative and file suit”).
- 26 See Lisa A. Dolak, *Declaratory Judgment Jurisdiction In Patent Cases: Restoring the Balance Between the Patentee and the Accused Infringer*, 38 B.C. L. REV. 903, 903 (1997) (stating “[c]ongress enacted the Federal Declaratory Judgment Act . . . to provide a remedy to accused patent infringers, whose enterprises were potentially crippled by the threat of possible infringement liability, but who lacked a cause of action to initiate judicial resolution of the patentee’s claim or the patent’s validity.”). See also de Larena, *supra* note 2, at 958 n.3 (noting that a party initiating a suit in a patent case is statistically more likely to win its case).
- 27 See Doernberg & Mushlin, *supra* note 8, at 564 (discussing the plight of alleged infringers of federally granted licenses who were without any grounds to bring a claim prior to the enactment of the Declaratory Judgment Act); see also *Am. Well Works*, 241 U.S. at 258–60 (explaining that, prior to the Act, the holder of a patent in pump technology could legally deter a competing company’s business by claiming—but never bringing a suit—for infringement and the competing company could not sue for a declaration of non-infringement).
- 28 See *Skelly Oil Co. v. Phillips Petroleum Co.*, 339 U.S. 667, 671–72 (1950) (enunciating the ‘Skelly Doctrine’ which dictates that jurisdiction under the Declaratory Judgment Act does not emanate from the act itself, but arises from a separate cause of action); *Genentech, Inc. v. Eli Lilly & Co.*, 998 F.2d 931, 943 (Fed. Cir. 1993) (stating “[a] declaratory action neither confers nor constrains jurisdiction or immunity. The Declaratory Judgment Act does not provide a substantive right; it provides a procedure whereby an aggrieved person may obtain a declaration of legal rights and relations”); see also Doernberg & Mushlin, *supra* note 8, at 543 (noting that Congress did not intend the Declaratory Judgment Act to have any jurisdictional effect).
- 29 See *Genentech*, 998 F.2d at 943 (holding that it is the particular cause of action that defines the suit, not the means by which it was brought to the court and, as such a court must look to “the substantive violation and other relevant criteria, not to the procedure for obtaining relief”).
- 30 See *Am. Well Works*, 241 U.S. at 260 (finding that the only legal option open to an accused infringer toward whom the defendant made accusations of infringement was an action in libel); *Arrowhead*, 846 F.2d at 735 (Fed. Cir. 1988) (stating “[b]efore the Act, competitors victimized by [the scare-the-customer-and-run] tactic were rendered helpless and immobile so long as the patent holder refused to grasp the nettle and sue.”).
- 31 See *Am. Well Works*, 241 U.S. at 258 (describing patent owner’s threat to bring suits against all users of patented property for infringement); see also *Arrowhead*, 846 F.2d at 739 (sending letters to a purported infringing manufacturer’s customers asserting that they were not licensed to use the patented technology was seen to confer jurisdiction); but see *BP Chems.*, 4 F.3d at 978 (describing a situation in which no direct assertions of infringement were made, yet the patent holder continually asserted its patented technology as a marketing tool).
- 32 See *Am. Well Works*, 241 U.S. at 258–60 (describing a situation where a threat to sue can be used to injure the infringer’s business); see also *Arrowhead*, 846 F.2d at 734–35 (remarking of the tactic, “[g]uerrilla-like, the patent owner attempts extra-judicial patent enforcement with scare-the-customer-and-run tactics that infect the competitive environment of the business community with uncertainty and insecurity.”); Note, *Federal Jurisdiction Over Declaratory Judgment Proceedings In Patent Cases*, 45 YALE L.J. 1287, 1290 (1936) (discussing the applicability of federal jurisdiction over patent validity and unfair competition with respect to the Declaratory Judgments Act). The newly-enacted Declaratory Judgment Act adapted especially well to patent suits allowing declaration of rights in situations which previously did not retain a cause of action sufficient to bring a suit. *Id.* at 1289.
- 33 See *Am. Well Works*, 241 U.S. at 258 (illustrating effects of threatening to sue users of infringed-upon products).
- 34 See U.S. CONST. art. I, § 8, cl. 8 (noting “[t]he Congress shall have Power To . . . promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”); see also de Larena, *supra* note 2, at 960 (stating “[a]s the Supreme Court has repeatedly recognized, patent law is a delicate balance between granting incentives to those who innovate and allowing ideas to revert to the public domain.”); see also *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979) (reiterating the role of the

federal patent system). The purpose of the federal patent system is threefold:

First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions, to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public domain remain there for the free use of the public.

Id.

- 35 See *Aetna Life*, 300 U.S. at 240-41 (announcing that Article II prohibits courts from issuing advisory opinions based on hypothetical scenarios); see also Doernberg & Mushlin, *supra* note 8, at 555 (noting that objections to declaratory judgments usually center around the assertion that declaratory judgment plaintiffs would all too often present claims that were either moot or which sought advisory opinions).
- 36 See *Willing v. Chicago Auditorium Ass'n*, 277 U.S. 274, 289-90 (1928) (interpreting a state claim to quiet title the court dismissed the case holding that “[t]he fact that the plaintiff’s desires are thwarted by its own doubts, or by the fears of others, does not confer a cause of action. No defendant has wronged the plaintiff or has threatened to do so.”); see also *Liberty Warehouse Co. v. Burley Tobacco Growers’ Coop. Mktg. Ass’n*, 276 U.S. 71, 97 (1928) (overturning a state court enforcement of the declaratory judgment act in the prior *Liberty Warehouse* case); see also *Liberty Warehouse Co. v. Grannis*, 273 U.S. 70, 76 (1927) (interpreting a Kentucky declaratory judgment act as stepping outside of the confines of the Conformity Act of 1872 and thus running afoul of Article III).
- 37 See Doernberg & Mushlin, *supra* note 8, at 559-60 (noting that though not brought as challenges to the federal application of declaratory judgments, these state law challenges were nonetheless seen as road blocks to the passage of a federal declaratory judgment statute).
- 38 See Doernberg & Mushlin, *supra* note 8, at 560-61 (indicating that though Congress may enact a statute, it still must pass constitutional muster).
- 39 See *Aetna Life*, 300 U.S. at 240 (stating “the operation of the Declaratory Judgment Act is procedural only.”); *Nashville, Chattanooga & St. Louis Ry. v. Wallace*, 288 U.S. 249, 264 (1933) (holding that procedural devices in the form of declaratory judgments are allowable “so long as the case retains the essentials of an adversary proceeding, involving a real, not a hypothetical, controversy . . .”); see also Doernberg & Mushlin, *supra* note 8, at 568-69 (affirming Justice Stone’s holding in *Nashville* that declaratory judgments are a form of procedure).
- 40 See *GAF Bldg. Materials Corp. v. Elk Corp.*, 90 F.3d 479, 481-82 (Fed. Cir. 1996) (holding that even if the justiciability test is met and subject matter jurisdiction established, the court will decline to hear a case where there is no longer a patent at issue because doing so would answer only a hypothetical question and set forth an impermissible advisory opinion); see also Doernberg & Mushlin, *supra* note 8, at 559-560 (noting that courts are bound by the ‘case or controversy’ requirement of Article III from passing judgment on hypothetical issues).
- 41 See Doernberg & Mushlin, *supra* note 8, at 569-571 (implying that while the Supreme Court’s opposition to declaratory judgments in general was certainly a factor in the fifteen year delay between the introduction and adoption of the Declaratory Judgment Act, it was by no means only factor).
- 42 See, e.g., *Cardinal Chem. Co. v. Morton Int’l, Inc.*, 508 U.S. 83, 86 (1993) (describing a set of circumstances in which the defendant counterclaimed for non-infringement, invalidity, and unenforceability based on the Declaratory Judgment Act).
- 43 See, e.g., *Amana Refrigeration, Inc. v. Quadlux, Inc.*, 172 F.3d 852, 855 (Fed. Cir. 1999) (describing a situation in which the purported infringer acted first and brought a claim based on the Declaratory Judgment Act).
- 44 See Doernberg & Mushlin, *supra* note 8, at 570-71, 582 (discussing prevalence of infringement claims and drawing inferences to the primary forms of claims and counterclaims brought under the Declaratory Judgment Act).
- 45 See *Amana Refrigeration*, 172 F.3d at 855 (explaining how the defendant company attempted to avoid litigation by issuing a declaration covenanting not to assert any claim against plaintiff company); *Super Sack*, 57 F.3d at 1059 (noting that once a party enters into a CNS, it cannot free itself of the contract despite changing counsel); *Spectronics Corp. v. H.B. Fuller Co.*, 940 F.2d 631, 633-34, 636-38 (Fed. Cir. 1991) (upholding a lower court’s decision that subject matter jurisdiction was improper where a party covenanted not to sue).
- 46 See *Amana Refrigeration*, 172 F.3d at 855 (issuing an explicit covenant not to sue obviates subject matter jurisdiction).
- 47 See *Super Sack*, 57 F.3d at 1059 (explaining that a promise not to sue before the court acts, for all intents and purposes, as a covenant not to sue because the promising party is forever estopped from asserting its right to sue for infringement).
- 48 See *Intellectual Prop. Dev., Inc. v. TCI Cablevision of Cal., Inc.*, 248 F.3d 1333, 1340 (Fed. Cir. 2001) (acknowledging that a “Statement of Non-liability” serves the same purpose as a covenant not to sue because the court looks to the “motion’s substance rather than its linguistic form” to determine if a party has relinquished its right to sue).
- 49 See *Mobil Oil Corp. v. Advanced Env’tl. Recycling Techs., Inc.*, No. 95-1333, 92 F.3d 1203, at *3 (Fed. Cir. June 13, 1996) (unpublished table decision), *overruled by* *Adenta GmbH v. OrthoArm, Inc.*, 501 F.3d 1364, 1370 (Fed. Cir. 2007) (stating that the failure of a declaratory judgment defendant to counterclaim for infringement acts as a de facto admission of non-infringement and is equivalent to a covenant not to sue).
- 50 See *Super Sack*, 57 F.3d at 1058 (stating “a patentee defending against an action for a declaratory judgment of invalidity can divest the trial court of jurisdiction over the case by filing a covenant not to assert the patent at issue against the putative infringer with respect to any of its past, present, or future acts . . .”); *Spectronics*, 940 F.2d at 636 (stating “in view of the statement of non liability, [the patent holder] is forever estopped from asserting the ‘366 patent claims against [the defendant].”).

- 51 See *Spectronics*, 940 F.2d at 635-36 (noting that there must be a live controversy for the court to maintain jurisdiction in a case).
- 52 See *Monsanto Co. v. Bayer Bioscience N.V.*, 514 F.3d 1229, 1243 (Fed. Cir. 2008) (holding that the court retains jurisdiction to entertain claims of inequitable conduct pursuant to Section 285 even if the patents on which the claim is based are “no longer in suit”); *Highway Equip.*, 469 F.3d at 1032-33 (finding a case exceptional under 35 U.S.C. § 285 provides an alternate grounds for the court to retain subject matter jurisdiction to rule on claims of unenforceability).
- 53 See THOMAS D. ROWE, JR. ET AL., *CIVIL PROCEDURE* 63-69 (2d ed. 2004) (discussing the procedural implications of a dismissal with and without prejudice).
- 54 See PATENT LITIGATION STRATEGIES HANDBOOK 85 (2000) [hereinafter PATENT LITIGATION HANDBOOK] (discussing Declaratory Judgment Counterclaims). The general rule is that a plaintiff is in control of the case and a dismissal of the plaintiff’s cause of action also has the effect of dismissing a defendant’s counterclaims. *Id.*
- 55 See *id.* (noting that certain claims brought under the Declaratory Judgment Act may act as their own cause of action and that a subsequent dismissal of the underlying claim of infringement, for example, would not result in a dismissal of the entire case).
- 56 See, e.g., *Benitec Austl., Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340, 1346 (Fed. Cir. 2007), *cert. denied*, 533 U.S. 1014 (2008) (describing a situation in which a plaintiff determined it no longer had a statutory basis on which to claim infringement because of a recent Supreme Court decision interpreting 35 U.S.C. § 271(e)(1)).
- 57 See *Super Sack*, 57 F.3d at 1056 (noting the prolonged case history and the patent holder’s agreement not to sue for patent infringement rather than go to trial).
- 58 See *Monsanto*, 514 F.3d at 1233-34 (describing a case where a patent holder attempted to divest the court of subject matter jurisdiction when the defendant brought to light the fact that the plaintiff withheld material facts from the USPTO during prosecution of the patent at issue); *Super Sack*, 57 F.3d at 1056, 1059 (claiming that it no longer had motivation to continue the suit after the defendant uncovered evidence of inequitable conduct during prosecution of the patents-in-suit).
- 59 See *Aetna Life*, 300 U.S. at 239-40 (holding that the phrase “case or controversy” contained in the Declaratory Judgment Act refers to the “cases” and “controversies” of Article III, Section 2 of the U.S. Constitution and thus require the same level of scrutiny); *Jervis B. Webb Co.*, 742 F.2d at 1398 (stating “[d]eclaratory judgment jurisdiction pursuant to 28 U.S.C. § 2201, must be predicated on the existence of a case or controversy between the parties.”).
- 60 See *MedImmune*, 549 U.S. at 132-37 (noting that though it disapproved of the Court of Appeals for the Federal Circuit’s two-part test as applied, the test was nonetheless a viable means to determine subject matter jurisdiction and thus justiciability); *BP Chems.*, 4 F.3d at 978 (noting that the determination of justiciability and, by implication, subject matter jurisdiction, is a two-part test).
- 61 312 U.S. 270, 273 (1941) (holding that in order for a court to issue a declaratory judgment, the case must have “sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”); *Genentech*. 998 F.2d at 936 (stating that “[t]o meet the requirements of the Declaratory Judgment Act there must be a ‘case of actual controversy’, as the Constitution requires for any invocation of federal judicial authority” and “[t]he case must be ‘of sufficient immediacy and reality’ to warrant declaratory relief.”).
- 62 See *Teva Pharms. USA, Inc. v. Novartis Pharms. Corp.*, 482 F.3d 1330, 1337 (Fed. Cir. 2007) (noting that a justiciable Article III controversy requires that the party bringing the action has standing and that the issue is sufficiently ripe); *BP Chems.*, 4 F.3d at 977 (noting “[t]he obverse of a definite and concrete dispute may be described as an advisory opinion on a situation not ripe for litigation”).
- 63 See *MedImmune*, 549 U.S. at 127, 132 n.11 (enunciating the renewed “all the circumstances” test and overruling the “reasonable apprehension of suit” test); *Md. Cas. Co.*, 312 U.S. at 273 (stating, “[b]asically, the question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”).
- 64 See *Cat Tech LLC v. TubeMaster, Inc.*, 528 F.3d 871, 879 (Fed. Cir. 2008) (noting that “the [declaratory judgment] analysis must be calibrated to the particular facts of each case”); de Larena, *supra* note 2, at 963 (noting “the tension between an abstract hypothetical and a controversy ripe for declaratory relief is ‘necessarily one of degree,’ thereby obviating both the necessity and the possibility of a strict test.” (quoting *Md. Cas. Co.*, 312 U.S. at 273)).
- 65 See *Cat Tech*, 528 F.3d at 880 (stating “[i]f a declaratory judgment plaintiff has not taken significant, concrete steps to conduct infringing activity, the dispute is neither ‘immediate’ nor real’ and the requirements for justiciability have not been met.”).
- 66 *Compare id.* at 881 (finding that the immediacy portion of the justiciability test had been met based on the fact that the defendant “ha[d] taken significant, concrete steps to conduct loading activity with [its product]. It ha[d] developed two basic loading device designs . . . ha[d] developed four loading device configurations . . . [and] ha[d] generated AutoCAD® drawings for each of its four configurations.”), *with Lang v. Pac. Marine & Supply Co.*, 895 F.2d 761, 764-65 (Fed. Cir. 1990) (holding that the concrete steps portion of the test was not met when “[t]he accused infringing ship’s hull would not be finished until at least 9 months after the complaint was filed” and “the accused infringers had not distributed sales literature, prepared to solicit orders, or engaged in any activity indicating that the ship would soon be ready for sea.”).
- 67 See *Benitec*, 495 F.3d at 1346-47, *cert. denied*, 533 U.S. 1014 (2008) (noting that the possibility that the new drug application in question may never be approved by the FDA extends the date of possible infringement too far into the future to satisfy the immediacy requirement of the justiciability test, such a ruling would be advisory in nature); *Sierra Applied Sciences, Inc. v. Advanced Energy Indus., Inc.*, 363 F.3d 1361, 1372 (Fed. Cir. 2004) (stating “[a]rticle

- III limits federal jurisdiction to suits that address ‘a real and substantial controversy . . . as distinguished from an opinion advising what the law would be upon a hypothetical state of facts.’” (quoting *Aetna*, 300 U.S. at 241)).
- 68 See *Int’l Med. Prosthetics Research Assocs., Inc. v. Gore Enter. Holdings, Inc.*, 787 F.2d 572, 575 (Fed. Cir. 1986) (stating, “jurisdiction over [a] declaratory judgment action [must have] existed at, and ha[ve] continued since, the time the complaint was filed.”); *Preiser v. Newkirk*, 422 U.S. 395, 401 (1975) (noting that in federal cases, an actual controversy must exist at all stages of review).
- 69 See e.g., FED. R. CIV. P. 41(a)(1)(A) (providing an opportunity for parties to voluntarily remove a court’s Subject Matter Jurisdiction.).
- 70 *Id.* (stating, “the plaintiff may dismiss an action without a court order by filing: a stipulation of dismissal signed by all parties who have appeared.”).
- 71 See, e.g., *Super Sack*, 57 F.3d at 1059 (indicating that a promise not to sue constitutes a covenant and the patent holder-plaintiff is forever estopped from asserting infringement of its patent for currently manufactured goods). See also *Amana Refrigeration*, 172 F.3d at 855 (stating, “[s]imilarly, Quadlux’s promise not to assert any infringement claim against Amana . . . with respect to any product previously or currently advertised, manufactured, marketed, or sold by Amana, removed any reasonable apprehension that Amana will face an infringement suit . . .”).
- 72 See *MedImmune*, 549 U.S. at 127 (stating that while the “all the circumstances” test is not new in the temporal sense, as it was first enunciated in *Md. Cas. Co.*, 312 U.S. 270, in 1941, it is new doctrine and thus has not been subject to recent appellate court interpretation).
- 73 See *Spectronics*, 940 F.2d at 633 (granting a motion to dismiss because a “‘Statement of Non-Liability’ operate[s] to divest the court of jurisdiction”); see also *Inline Connection Corp. v. Atlantech Online, Inc.*, 85 Fed. Appx. 767, 769 (Fed. Cir. 2004) (holding that the district court was incorrect as a matter of law when it issued a permanent injunction over the purported infringing activity once the patent holder issued a Statement of Non-Liability).
- 74 See *MedImmune*, 549 U.S. at 132 n.11 (overturning the reasonable apprehension portion of the two-part justiciability test); *Jervis B. Webb Co.*, 742 F.2d at 1398-99 (coalescing the two-part justiciability test to include the reasonable apprehension test and the concrete steps test).
- 75 See *Md. Cas. Co.*, 312 U.S. at 273 (stating that the issuance of a declaratory judgment must focus on whether there is a substantial controversy of immediacy and reality); *Teva Pharms. USA, Inc. v. Pfizer, Inc.*, 395 F.3d 1324, 1333 (Fed. Cir. 2005) (noting that the reasonable apprehension of suit test may more accurately be referred to as the reasonable apprehension of imminent suit test so as to encompass both the immediacy and reality portions of the justiciability test).
- 76 See *Teva*, 395 F.3d at 1332 (holding that a reasonable apprehension cannot stand where a patentee is either unable or unwilling to bring suit against a purported infringer). *But see BP Chems.*, 4 F.3d at 980 (holding that a failure to issue a covenant not to sue is not a de facto cause for a court to find that a reasonable apprehension of suit exists).
- 77 See *Teva*, 395 F.3d at 1334 (declining to extend jurisdiction because there existed no explicit threat of infringement by the patentee).
- 78 See *MedImmune, Inc. v. Centocor, Inc.*, 409 F.3d 1376, 1379 (Fed. Cir. 2005) (holding that a patent licensee cannot be under a reasonable apprehension of suit if it fails to breach the license agreement); see also *MedImmune, Inc. v. Genentech, Inc.*, 427 F.3d 958, 961 (Fed. Cir. 2005), *rev’d* 549 U.S. 118 (2007) (affirming the District Court’s determination “that because MedImmune continues to comply fully with the license terms . . . there is no ‘case of actual controversy’ as required by the Declaratory Judgment Act, 28 U.S.C. § 2201.”); *Gen-Probe Inc. v. Vysis, Inc.*, 359 F.3d 1376, 1381-82 (Fed. Cir. 2004) (paying of royalties “under protest” was insufficient to establish a reasonable apprehension of suit).
- 79 See *MedImmune*, 549 U.S. at 134 (quoting “[t]he rule that a plaintiff must . . . risk treble damages . . . before seeking a declaration of its actively contested legal rights finds no support in Article III.”); see also *Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*, 370 F.3d 1354, 1369 (Fed. Cir. 2004) (evidencing that this rule also aids the licensee because the presence of a non-breached license agreement, no matter the posturing of the parties, serves as a de facto covenant not to sue for infringement by the patent holder).
- 80 See *de Larena*, *supra* note 2, at 959-60 (explaining the dichotomy between the Declaratory Judgment Act and judicial discretion). Further, adherence to the ‘reasonable apprehension’ test, has had the unfortunate result of leaving alleged infringers back where they were before the DJ Act, engaging in a *danse macabre* where the patentee can do all but threaten patent litigation, and the purported infringer has no recourse but to go forward with its business and risk treble damage if found to be infringing, or to abandon operations on a technology whose patent may turn out to be invalid, if only the parties could get a declaratory judgment on that issue.
- Id.*
- 81 See *MedImmune*, 549 U.S. at 146 n.11 (holding that the reasonable apprehension of suit test was found to be at odds with precedent and was thus set aside for the rule followed by every other area of the law); see also *de Larena*, *supra* note 2, at 960 (describing confusion amongst the courts as to the proper analysis in Declaratory Judgment Jurisdiction). *Per de Larena*,
- [t]his dichotomy [between forcing a licensee to continue paying royalties on what it believes to be an invalid patent or risking treble damages] is due in large part to confusion by the courts between the baseline inquiry mandated by the DJ Act, and the discretionary inquiry afforded by the Act to federal district court judges in each case that invokes the Act’s jurisdiction.
- Id.*
- 82 See *Altwater v. Freeman*, 319 U.S. 359, 364–65 (1943) (holding that a licensee’s continued payment of royalties did not render non-justiciable its suit to enforce a territorial restriction); see also *Md. Cas. Co.*, 312 U.S. at 273 (allowing a plaintiff-insurer to seek a fault determination without having to wait for the insured to sue the opposing party); *Aetna Life*, 300 U.S. at 239 (determining that the plaintiff asserted an actual controversy despite the nonpayment of premiums).

- See also de Larena, *supra* note 2, at 959–60 (stating “[t]he Federal Circuit has misstated the proper standard such that the test is underinclusive, contrary to the normative values of declaratory jurisprudence, and inconsistent with Supreme Court dictates.”).
- 83 See *MedImmune*, 549 U.S. at 127 (holding that the standard of *Md. Cas. Co.*, the “all the circumstances” test is the correct law to apply).
- 84 See *id.* (quoting *Aetna Life*, 300 U.S. at 240-41).
- 85 See *Cat Tech*, 528 F.3d at 880 (noting that in *MedImmune*, the party had “articulated a ‘more lenient legal standard’ for the availability of declaratory judgment relief in patent cases . . .” (quoting *Micron Tech., Inc. v. Mosaid Technologies, Inc.*, 518 F.3d 897, 902 (Fed. Cir. 2008)); see also de Larena, *supra* note 2, at 984 (stating that “[i]n setting forth a proper standard for establishing baseline DJ Act jurisdiction in patent disputes, the Court harkened back to its early DJ Act decisions, requiring only ‘a substantial controversy between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.’”)).
- 86 See *MedImmune*, 549 U.S. at 127-28 (allowing the appellate courts to determine the extent to which the interests of the adverse parties must be touched upon for the ripeness standard to be met).
- 87 See *MedImmune*, 549 U.S. at 132 n.11 (citing *Cardinal Chem.*, 508 U.S. at 96) (stating that “the reasonable-apprehension-of-suit-test . . . is also in tension with *Cardinal Chemical* . . . which held that appellate affirmance of a judgment of noninfringement, eliminating any apprehension of suit, does not moot a declaratory judgment counterclaim of patent invalidity.”).
- 88 See *Cardinal Chem.*, 508 U.S. at 96. Reading this sentence alone would indeed seem to bestow jurisdiction on claims of invalidity sufficient to satisfy the case or controversy requirement of the Declaratory Judgment Act.
- 89 See *id.* (stating the ruling).
- 90 See *id.* (expanding the inquiry reveals that the preceding sentence states that “[i]t is equally clear that the Federal Circuit, even after affirming the finding of non-infringement, had jurisdiction to consider Morton’s appeal from the declaratory judgment of invalidity.”).
- 91 See *Super Sack*, 57 F.3d at 1060 (noting “[t]he question actually before the Supreme Court in *Cardinal* was ‘whether the affirmance by the Court of Appeals for the Federal Circuit of a finding that a patent has not been infringed is a sufficient reason,’ *by itself*, ‘for vacating a declaratory judgment holding the patent invalid’” (quoting *Cardinal Chem.*, 508 U.S. at 85)).
- 92 See *Cardinal Chem.*, 508 U.S. at 95 (noting that, “[p]rior case law] does not necessarily answer the question whether, in the absence of an ongoing dispute between the parties over infringement, an adjudication of invalidity would be moot.”); see also *Fonar Corp. v. Johnson & Johnson*, 821 F.2d 627, 634 (Fed. Cir. 1987) (holding that, “[t]here being no infringement by [the defendant] of any asserted claim, there remains no case or controversy between the parties. We need not pass on the validity or enforceability of [the] claims [at issue] . . .”).
- 93 See *Cardinal Chem.*, 508 U.S. at 98 (stating “[e]ven if it may be good practice to decide no more than is necessary to determine an appeal, it is clear that the Federal Circuit had jurisdiction to review the declaratory judgment of invalidity. The case did not become moot when that court affirmed the finding of noninfringement.”); See also *Wilton v. Seven Falls Co.*, 515 U.S. 277, 288 (1995) (holding that the discretion which a court may employ is founded on “considerations of practicality and wise judicial administration.”).
- 94 See *MedImmune*, 549 U.S. at 146 n.11 (affirming *Cardinal Chem.*’s holding that “appellate affirmance of a judgment of noninfringement . . . does not moot a declaratory judgment counterclaim of patent invalidity.”).
- 95 See *id.* at 134 (articulating that licensing agreement precluded suits for infringement).
- 96 See *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 601 (Fed. Cir. 1985) (explaining how the reexamination statute enabled PTO to recover administrative jurisdiction over issued patent); see also 126 CONG. REC. 29895 (1980) (statement of Rep. Kastenmeier) (documenting the Congressional debate on the need to create a system for administrative reexamination of doubtful patents).
- 97 See *Patlex*, 758 F.2d at 601 (noting that available methods of achieving administrative review before the reexamination statute were “very limited”).
- 98 See *id.* (noting that only the patentee could have issued patents be reexamined).
- 99 See *id.* (noting that fundamental issues to PTO reexamination including patentability required Article III court action).
- 100 *Id.* at 602 (explaining the purpose and goal of reexamination statute (quoting 126 CONG. REC. 29895 (1980) (statement of Rep. Kastenmeier)).
- 101 See 126 CONG. REC. 29895 (1980) (statement of Rep. Kastenmeier); see also *In re Recreative Technologies*, 83 F.3d 1394, 1396 (Fed. Cir. 1996) (reiterating the purpose of the reexamination statute by quoting Congressman Kastenmeier’s statement at the Congressional debate).
- 102 See 111 CONG. REC. S2715 (daily ed. Mar. 3, 2009) (statement of Sen. Orrin Hatch) (expounding that ex parte reexamination proceedings are “an important tool for challenging patents that should not have issued.”); *Patlex*, 758 F.2d, at 604:
 The reexamination statute’s purpose is to correct errors made by the government, to remedy defective governmental (not private) action, and if need be to remove patents that never should have been granted. . . . A defectively examined and therefore erroneously granted patent must yield to the reasonable Congressional purpose of facilitating the correction of governmental mistakes.
Id.
- 103 See Bayh-Dole Act, Pub. L. No. 96-517, § 302, 94 Stat. 3015 (1980) (enacting *ex parte* reexamination procedures).
- 104 See Detachable Sling Letdown Apparatus For Lumber Sorter, U.S. Patent Application No. 90/000,001 (filed July 7, 1981) (showing an *ex parte* application for reexamination of Detachable Sling Letdown Apparatus For Lumber Sorter invention).

- 105 See 35 U.S.C. § 302 (stating “[a]ny person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title.”); 37 C.F.R. § 1.501(a) (stating that at any time during the period of enforceability of a patent any person may cite art that the person believes to have a bearing on the patentability of any claim of the patent); see also MANUAL OF PATENT EXAMINING PROCEDURE § 2202 (8th ed. rev. 2012) [hereinafter *MPEP*] (directing manual users to 37 C.F.R. § 1.501(a) when filing application for reexamination of patents).
- 106 See 35 U.S.C. § 303 (stating “[o]n his own initiative, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 of this title.”); See also Press Release 05-38, *USPTO Improves Process For Reviewing Patents*, USPTO, July 29, 2005, archived at www.webcitation.org/6AnbPEqmc (stating that “all future reexamination proceedings will be completed within a specific timeframe, which is expected to be less than two years. . . . The 20-examiner [central reexamination] unit began operating earlier this week and all new requests for reexamination will be assigned to them.”).
- 107 See 35 U.S.C. § 302 (describing a process and requirements for ex parte patent reexamination); Charles E. Miller & Daniel P. Archibald, *Interpretive Agency-Rulemaking vs. Statutory District Court Review-Jurisdiction in Ex Parte Patent Reexaminations*, 92 J. PAT. & TRADEMARK OFF. SOC’Y 498, 503 (2010) (comparing the adoption of ex parte reexamination, applicable since July 1, 1981; with the adoption of inter partes reexamination, having made its “debut” in 1999).
- 108 See The Bayh-Dole Act, Pub. L. 96-517, § 302 (1980) (describing the ex parte review process). Per the Act:
- Any person at any time may file a request for reexamination by the [Patent] Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title. The request must be in writing and must be accompanied by payment of a reexamination fee established by the Commissioner of Patents pursuant to the provisions of section 41 of this title. The request must set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested. Unless the requesting person is the owner of the patent, the Commissioner promptly will send a copy of the request to the owner of record of the patent.
- Id.*
- 109 See 104 CONG. REC. S10655-66 (daily ed. July 25, 1995) (statement of Sen. Hatch) (describing the limitations of the reexamination process with regard to party third party accessibility). Senator Hatch remarked:
- The patent reexamination process was originally designed to provide a low-cost administrative procedure to quickly resolve questions regarding the validity of a patent. Unfortunately, patent reexamination has become an unattractive vehicle for patent dispute resolution because of the strict limits imposed on third parties who seek reexamination. Many critics of our system argue the existing reexamination process offers only an illusory remedy for inventors because of the limits imposed on these third parties and similarly, the issues that can be considered in reexamination. Many third parties believe that requesting a reexamination actually impairs their later efforts to challenge a patent, preferring to take their cases directly to the courts.
- Id.*
- 110 See American Inventors Protection Act, Pub. L. No. 106-113, §§ 4601-08, 113 Stat. 1501A-567 (1999) (enacting *inter partes* reexamination procedures).
- 111 See *Statement of the Honorable Carlos J. Moorehead, Chairman Subcommittee on Courts and Intellectual Property on H.R. 1732, Patent Reexamination H.R. 1733, 18 Month Patent Application Publication H.R. 632, Attorney Fees, Compensation for Patents Used by the Government*, U.S. HOUSE OF REP., COMMITTEE ON THE JUDICIARY, June 8, 1995, archived at www.webcitation.org/6CIJ4XQ8e.
- 112 See American Inventors Protection Act § 4606 (describing the subtitle’s elements as taking effect upon the date of the Act’s enactment); see also *United States Patent and Trademark Office Report to Congress on Inter Partes Reexamination*, USPTO, Dec. 20, 2004, archived at www.webcitation.org/6C1R6qbBE [hereinafter *Report to Congress on Inter Partes Reexamination*] (providing an overview on *inter partes* reexamination).
- 113 See American Inventors Protection Act, §§ 4601-08 (codifying *inter partes* reexamination).
- 114 See *id.* at §§ 4604-05 (describing the rights of parties in *inter partes* reexamination).
- 115 See 37 C.F.R. § 1.913 (explaining that a person other than the patent owner may file a request for *inter partes* reexamination and limiting reexamination to patents filed after November 29, 1999).
- 116 See Esterification Method, USPTO Patent Application No. 95/000,001 (filed Aug. 27, 2001), reexamination petition granted on October 17, 2001 (representing one of the first known *inter partes* reexamination cases).
- 117 See America Invents Act, Pub. L. 112-29, § 6, 125 Stat. 306 (2011) (stating that a third party may submit any records that may be relevant to the examination of a patent application).
- 118 See 111 CONG. REC. S2715 (daily ed. Mar. 3, 2009) (statement of Sen. Hatch).
- 119 *America Invents Act: Hearing Before the Subcomm. on Intellectual Property, Competition, and the Internet of the H. Comm. on the Judiciary*, 112th Cong. 48 (2011) (statement of David J. Kappos, Under Sec’y of Commerce for Intellectual Prop. and Dir. of the U.S. Patent and Trademark Office) [hereinafter *Statement of David J. Kappos*]; see also, *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 582 F.3d 1288, 1305 (Fed. Cir. 2009) (Newman, J. concurring) (remarking, “I remain a strong supporter of the principle of reexamination. It can be a useful and powerful tool for the benefit of both patentees and those interested in restricting or eliminating adversely held patents.”).
- 120 See America Invents Act § 6, (providing post-grand review proceedings); *Statement of David J. Kappos, supra* note

- 117 at 48 (discussing the need for inter partes reexamination).
- 121 35 U.S.C. §§ 321-29 (2012) (containing guidelines regarding post-grant review).
- 122 35 U.S.C. §§ 311-19 (2012) (containing guidelines for *inter partes* review).
- 123 See America Invents Act § 6 (amending *inter partes* review).
- 124 See 37 C.F.R. § 1.913 (2012) (restricting applicability of inter partes reexamination to issued patents for which the application was filed on or after November 29, 1999).
- 125 See America Invents Act §6, (stating that except as provided elsewhere, “the provisions of this Act “shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any patent issued on or after that effective date.”).
- 126 See 35 U.S.C. § 321(c) (providing the filing deadline requirements for post-grant review).
- 127 35 U.S.C. § 311(b).
- 128 See *id.* at § 311(c) (providing the filing deadline requirements for a petition for inter partes review).
- 129 See *id.* at § 301(a) (allowing for “any person at any time” to file such an action).
- 130 See *id.* at § 302 (stating that fees to be paid by the filing party are determined by the Director).
- 131 See 35 U.S.C. § 41(e) (2011) (granting the Director wide power to waive payment of fees where appropriate). Of fees,
 [t]he Director may waive the payment of any fee for any service or material related to patents in connection with an occasional or incidental request made by a department or agency of the Government, or any officer thereof. The Director may provide any applicant issued a notice under section 132 with a copy of the specifications and drawings for all patents referred to in that notice without charge.
Id.
- 132 35 U.S.C. § 301(a)(1).
- 133 See 35 U.S.C. § 302 (explaining that any person may file a request at any time).
- 134 See *MPEP*, *supra* note 103, at § 2240 (describing the power of the Director to determine if an issue exists).
 In certain situations, after a grant of a second or subsequent request for ex parte reexamination, where (A) the patent owner files a petition under 37 CFR 1.182 as part of the statement or as the statement, and (B) it appears clear that the second or subsequent request was filed for purposes of harassment of the patent owner, if the petition is granted, prosecution on the second or subsequent reexamination would be suspended.
Id.
- 135 See 35 U.S.C. § 304 (describing the ex parte reexamination process and affording only the patent owner the opportunity to file a statement for consideration in the reexamination).
- 136 See *id.* (explaining that the reexamination process is between the patent owner and the Patent Office); David L. McCombs & David M. O’Dell, *The New Role of Reexamination in Patent Litigation*, 2006 ADVANCED PATENT LAW INSTITUTE, November 16-17, 2006, at 5, *archived at* www.webcitation.org/6AvCbvUTq (criticizing the inability of a third party to be involved in the reexamination process).
- 137 35 U.S.C. § 304.
- 138 See *id.* (describing the instances in which a third party may respond to statements by patent owners); McCombs, *supra* note 134 at 1 (explaining that, “after a reexamination is ordered, the third party’s participation is limited to one statutory reply prior to examination, which may only be filed if the patent owner files a pre-examination option statement.”).
- 139 See 35 U.S.C. § 303(a) (allowing the Director three months to respond to a request for reexamination).
- 140 See 35 U.S.C. § 305 (stating that “reexamination will be conducted according to the procedures established for initial examination”); *MPEP*, *supra* note 103, at § 2201 (outlining the procedure for an ex parte reexamination).
- 141 See 35 U.S.C. § 305 (discussing patentee’s rights in reexamination); *MPEP*, *supra* note 103, at § 700 *et seq.* (explaining rights of patentee in a regular examination).
- 142 See 35 U.S.C. § 257(a) (2011) (describing the process for requesting supplemental examination).
- 143 *Id.*
- 144 See David Kappos, *The Role of Submission Limits in Timely Completion of Supplemental Examination*, Apr. 27, 2012, *archived at* www.webcitation.org/6CINXz2DG (explaining that “[t]he supplemental examination procedure was designed to provide patentees with a quick and decisive examination of items that were overlooked during the patent’s original prosecution.”).
- 145 See 37 C.F.R. § 1.56(a) (stating that “[e]ach individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section”).
- 146 See 35 U.S.C. § 257(b) (2011) (explaining when the Director is expected to order reexamination of a patent).
- 147 See 35 U.S.C. § 321(a) (explaining the process for a request of a post-grant review of a patent); 35 U.S.C. § 311(a) (stating that a third party may request an inter partes review). Note that the fee provision may be waived by the Director. 35 U.S.C. § 41(e).
- 148 See 35 U.S.C. § 321(c) (describing the filing deadline for post-grant review).
- 149 *Id.* at §321(a).
- 150 See 35 U.S.C. § 311(c) (describing the filing deadline for inter partes review).
- 151 See Kappos, *supra* note 142 (noting “Congress mandated very fast action on supplemental examination. And that in turn calls for limits on what we all take on within the scope of a single proceeding”).

- 152 See 35 U.S.C. § 325(a)(1) (2012) (stating that post-grant review is barred by civil action where the action was filed prior the date on which the petition was filed); 35 U.S.C. § 315(a)(1) (2012) (precluding an inter partes review under similar circumstances).
- 153 See 35 U.S.C. § 315(b) (2012) (explaining that an inter partes review must be instituted within one year of the filing of the complaint).
- 154 35 U.S.C. § 311(a).
- 155 See 35 U.S.C. § 323 (2012) (stating “[i]f a post-grant review petition is filed under section 321, the patent owner shall have the right to file a preliminary response to the petition, within a time period set by the Director, that sets forth reasons why no post-grant review should be instituted based upon the failure of the petition to meet any requirement of this chapter.”); see also 35 U.S.C. §313 (2012) (similarly stating that, “[i]f an inter partes review petition is filed under section 311, the patent owner shall have the right to file a preliminary response to the petition, within a time period set by the Director, that sets forth reasons why no inter partes review should be instituted based upon the failure of the petition to meet any requirement of this chapter.”).
- 156 See 35 U.S.C. § 326(a)(12) (2012) (describing the Director’s responsibility to “proscribe regulations . . . providing the petitioner with at least 1 opportunity to file written comments within a time period established by the Director.”); 35 U.S.C. § 316(a)(13) (2012) (articulating the responsibility in the case of an inter parties review, where “[t]he Director shall proscribe regulations . . . providing the petitioner with at least 1 opportunity to file written comments within a time period established by the Director.”).
- 157 See 35 U.S.C. § 326(a)(10) (2012) (requiring the Director to, “proscribe regulations . . . providing either party with the right to an oral hearing as part of the proceeding”); 3 U.S.C. § 316(a)(10) (2012) (describing the same responsibility in the case of an inter parties review).
- 158 See *Ex parte Reexamination Filing Data – March 31, 2011*, U.S. PATENT & TRADEMARK OFFICE, archived at www.webcitation.org/6CIODwDwW (summarizing data from reexamination requests).
- 159 See *id.* (breaking down the source of granted reexaminations).
- 160 See *id.* (detailing the average pendency between the filing date and the certificate issue date).
- 161 See *id.* (noting that the number of ex parte reexamination proceedings that were known to be in litigation was 33%).
- 162 See Abe Hershkovitz, *Reexamination Practice Before the USPTO*, HERSHKOVITZ & ASSOCIATES, LLC, 2011, archived at www.webcitation.org/6AwX9gnpl (citing USPTO inter partes reexamination filing data for March 2011).
- 163 See *id.* at 30 (providing the average pendency of inter partes reexaminations).
- 164 See *id.* at 28 (noting the number of such reexaminations in litigation at that point).
- 165 See McCombs, *supra* note 134, at 1-5, 27-30 (providing various justifications for choosing between an ex parte or inter partes reexamination).
- 166 See David L. McCombs & Theodore Foster, *Patent Reexamination: Earning Its Keep in the Litigator’s Toolbox*, 3RD ANNUAL PATENT LAW INSTITUTE 2009, 964 PLI/Pat 685, 692-93 (PLI Pats., Copyrights, Trademarks, & Literary Prop., Course Handbook Ser. No. 964, 2009) (discussing advantages of reexamination, including the patent examiner’s technical prowess when reviewing prior art).
- 167 See 35 U.S.C. § 303(a) (indicating that “[t]he existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the Office or considered by the Office.”); see also *MPEP*, *supra* note 103, at § 2216 (noting of the requirement for a substantial new question of patentability, that it, “may be based on art previously considered by the Office if the reference is presented in a new light or a different way that escaped review during earlier examination.”); *id.* at § 2242 (reiterating the potential for a substantial new question of patentability based upon art previously considered by the Patent Office).
- 168 See 35 U.S.C. § 282(a) (stressing that patents are presumed valid); *but see* *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (noting that during a reexamination the patent in question does not enjoy a presumption of validity).
- 169 See 35 U.S.C. § 282(a) (stating “[a] patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim.”); *Ethicon, 849 F.2d at 1427* (noting that all patents are “presumed valid and the party asserting invalidity must prove the facts to establish invalidity of each claim by clear and convincing evidence.”).
- 170 See McCombs, *supra* note 134, at 1 (suggesting that reexamination can be a good litigation strategy for both plaintiffs and defendants during litigation).
- 171 See 35 U.S.C. § 301(a)(1) (2012) (stating that a person may submit “prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent”); *MPEP*, *supra* note 103 (stating “[t]he substantial new question of patentability may be based on art previously considered by the Office if the reference is presented in a new light or a different way that escaped review during earlier examination”); Patent and Trademark Office Authorization Act of 2002, Pub. L. No. 107-273, § 13105, 116 Stat. 1758 (2002) (allowing substantial new questions of patentability to proceed regardless of the existence of patented material previously considered or cited by the USPTO); see also *KSR Int’l. Co. v. Teleflex Inc.*, 550 U.S. 398, 416-19 (2007) (relating the new obviousness standard).
- 172 See 35 U.S.C. § 305 (describing the potential for weakened or invalidated claims). The statute indicates:
- [i]n any reexamination proceeding under this chapter, the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to

- the patentability of a claim of a patent.
- Id.* See also McCombs, *supra* note 134, at 22-24 (illustrating several potential outcomes that could harm the patent holder); Greg H. Gardella & Emily A. Berger, *United States Reexamination Procedures: Recent Trends, Strategies and Impact on Patent Practice*, 8 J. MARSHALL REV. INTELL. PROP. L. 381, 381-82 (2009) (discussing patent reexamination as an opportunity for “overly broad patents to be challenged at reasonable cost,” effectively reducing or eliminating the strength and value of an issued patent).
- 173 See *Custom Accessories, Inc. v. Jeffrey-Allan Indus.*, 807 F.2d 955, 961 (Fed. Cir. 1986) (holding that the burden of proving invalidity of a reexamined patent is “made heavier.”); McCombs, *supra* note 134, at 24 (noting that a reexamined patent may have an “enhanced presumption of validity” because the examiner will have likely looked at additional new art in addition to the previous art cited in the original examination).
- 174 See Michael L. Kiklis & Emily C. Johnson, *The America Invents Act: New Tools for Challenging Patents*, THE COMPUTER & INTERNET LAWYER, June 2012, 1, archived at www.webcitation.org/6Ay8wKpQs (describing the proceedings as “powerful tool[s]” when challenging the validity of a patent).
- 175 See 35 U.S.C. § 326(a)(9) (2012) (affording patent holders the opportunity to “amend the patent...to cancel a challenged claim or propose a reasonable number of substitute claims,” in light of a challenge to patent validity stemming from prior art); 35 U.S.C. § 316(a)(9) (2001) (providing the same opportunity to make amendments or purpose substitute claims in the case of inter partes review).
- 176 See *supra* note 171 (discussing the possibility that following a patent validity challenge, a patent’s claims may be upheld and effectively fortified against future attacks); *Patent Reform is Here. What Does it Mean For You?*, McCARTER & ENGLISH, LLP, Sept. 19, 2011, archived at www.webcitation.org/6AyCSnm6p [hereinafter *Patent Reform is Here*] (noting that patents that undergo post-grant review have the potential to be stronger, more robust patents); Bruce Horwitz, *Later Impacts of America Invents Act*, July 11, 2011, archived at www.webcitation.org/6AyCyV8Tg (warning that third parties who institute review proceedings may end up with a stronger patent to contend with).
- 177 See; Gardella, *supra* note 170, at 381-86 (discussing basic patent office procedures for numerous patent issues); McCombs, *supra* note 134, at 1-10 (detailing the process involved in the *ex parte* reexamination of patents); Matthew A. Smith, INTER PARTES REEXAMINATION 1-73 (1E ed. 2009) archived at www.webcitation.org/6AyISv0se (discussing the procedures and notable features involved in *ex parte* and *inter partes* reexaminations); Scott A. McKeown, *Reexamination Strategies Concurrent with Litigation*, PRACTICING LAW INST., Jan. 6, 2011, archived at www.webcitation.org/6AyG21pMR (discussing strategies involved in patent reexamination litigation).
- 178 See 35 U.S.C. § 282 (identifying the four defenses against a claim of patent infringement as non-infringement, lack of liability for infringement, unenforceability, and invalidity).
- 179 See *Patent Reform is Here*, *supra* note 174 (providing explanation of the three legal standards that can be used).
- 180 See 35 U.S.C. §§ 301-307 (containing the familiar principles and legal standards of *ex parte* reexamination).
- 181 35 U.S.C. § 303(a); see *Kaufman Co. v. Lantech, Inc.*, 807 F.2d 970, 976 (Fed. Cir. 1986) (expressing the legislature’s intent that reexamination occur only if there is a “substantial new question of patentability”).
- 182 See 35 U.S.C. § 303 (indicating that the Director is responsible for determining whether there is a “substantial new question”).
- 183 H.R. REP. NO. 107-120, at 2 (2001); *In re Recreative Techs. Co.*, 83 F.3d 1394, 1397 (Fed. Cir. 1996) (expressing the concerns of Congress that correction of errors be balanced against the potential for abuse by harassing patentees and wasting the patent life).
- 184 See *MPEP*, *supra* note 103, at § 2242; see also *In re Etter*, 756 F.2d 852, 857 n.5 (Fed. Cir. 1985) (reporting that it is the requester’s burden to show a basis for a SNQ).
- 185 Former Chief Judge Paul R. Michel, Lecture, *Innovation, Incentives, Competition, and Patent Law Reform: Should Congress Fix the Patent Office and Leave Litigation Management to the Courts?*, 20 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1135, 1143 (2010) (opining on the low SNQ standard for patent reexamination).
- 186 See *Ex parte Reexamination*, *supra* note 156 (showing that over 92% of request for *ex parte* reexamination were granted by either the Director or the examiners; see also Robert Greene Sterne et al., *Reexamination Practice with Concurrent District Court Litigation or Section 337 USITC Investigations*, STERN, KESSLER, GOLDSTEIN & FOX, 59 n.179 archived at www.webcitation.org/6CIS2Inef (noting that the ruling in *KSR*, lowering the obviousness standard has lowered the bar to meet the SNQ standard even further); but see *MPEP*, *supra* note 103, at § 2642(I) (stating “[n]ote that the clarification of the legal standard for determining obviousness under 35 U.S.C. 103 in *KSR* . . . does not alter the legal standard for determining whether a substantial new question of patentability exists.”).
- 187 See *MPEP*, *supra* note 103 §2258.I.B (stating “[r]ejections will not be based on matters other than patents or printed publications, such as public use or sale, inventorship, 35 U.S.C. § 101, conduct issues, etc.”).
- 188 See *In re Portola Packaging, Inc.*, 110 F.3d 786, 791 (Fed. Cir. 1997) (holding that the Patent Office was limited in the reexamination process as reexamination, “was intended to deal only with substantial new questions of patentability, essentially those based on prior art that was not before the examiner during an earlier examination.”). Note that this differs from the requirements of a Reissue petition, which requires that the patentee admit that the patent is in some way defective. See 35 U.S.C. § 251. See also *Broad. Innovations, L.L.C. v. Charter Commc’ns, Inc.*, No. 03-CV-2223-ABJ-BNB, 2006 WL 1897165, at *1 (D. Colo. 2006) (holding it proper to stay a case until the reexamination, dealing with prior undisclosed art, was complete); *MPEP*, *supra* note 103 § 2286(II) (providing guidelines for when an Examiner is aware of a Federal Court decision on the merits of a patent). Of that scenario the *MPEP* states:
- [i]f a Federal Court decision *on the merits* of a patent is known to the examiner at the time the determination

on the request for ex parte reexamination is made . . . the existence of a final court decision of claim *validity* in view of the same or different prior art does not necessarily mean that no new question is present.

Id.

189 See *MPEP*, *supra* note 103, at § 2216 (declaring that “[t]he substantial new question of patentability may be based on art previously considered by the Office if the reference is presented in a new light or a different way that escaped review during earlier examination.”); Patent and Trademark Office Authorization Act of 2002, Pub. L. No. 107-273, § 13105, 116 Stat. 1758 (2002) (characterizing prior art previously cited or considered by the USPTO as not precluding the existence of a substantial new question of patentability in reexamination actions); see also *KSR*, 550 U.S. at 415-19 (relating the new obviousness standard).

190 *MPEP*, *supra* note 103 at § 2216.

191 See 35 U.S.C. § 251 (providing for the reissue of defective patents). In general,

[w]henver any patent is, through error, [without any deceptive intention] deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Director shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent.

Id.

192 See 35 U.S.C. § 305 (declaring, “[n]o proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter.”); *In re Freeman*, 30 F.3d 1459, 1464 (Fed. Cir. 1994) (recognizing the statutory limitation on any expansion of claims during reexamination and describing the test to determine if a new claim enlarges the scope of an original claim). Per the *Freeman* court, the “test for when a new claim enlarges the scope of an original claim under [35 U.S.C.] § 305 is the same as that under the 2-year limitation for reissue applications adding enlarging claims under 35 U.S.C. § 251, last paragraph.” *Id.* See also *MPEP*, *supra* note 103, at § 2250 (reiterating the test enunciated in *Freeman* and stating that “amended or new claims which broaden or enlarge the scope of a claim of the patent should be rejected”).

193 *MPEP*, *supra* note 103, at § 2216.

194 35 U.S.C. § 324(a).

195 See James Donald Smith, *Message from Chief Judge James Donald Smith, Board of Patent Appeals and Interferences: USPTO Discusses Key Aspects of New Administrative Patent Trials*, USPTO, May 21, 2012, archived at www.webcitation.org/6CB7KW4Dx [hereinafter *Message from Chief Judge James Donald Smith*] (observing that “[t]he reasonable likelihood standard allows for the exercise of discretion but encompasses a 50/50 chance whereas the ‘more likely than not’ standard requires greater than a 50% chance of prevailing.”); see also Michael A. Carrier, *Post-Grant Opposition: A Proposal and a Comparison to the America Invents Act*, 45 U.C. DAVIS L. REV. 103, 120-21

(2011) (noting the need to show “at least a 51% likelihood of victory” to satisfy the ‘more likely than not’ test (*citing Turpin v. Merrell Dow Pharms., Inc.*, 959 F.2d 1349, 1357 (6th Cir. 1992))).

196 See *Carrier*, *supra* note 193, at 120-21 (noting that the MLN standard is a high bar and that the SNQ standard is basically rubber-stamped by the Director).

197 35 U.S.C. § 314(a).

198 *Smith*, *supra* note 193.

199 See Scott A. McKeown, *Inter Partes Patent Reexamination Standard to Tighten in 30 Days*, PATENTS POST GRANT, August 22, 2011, archived at www.webcitation.org/6CIWGZUnj (comparing the SNQ standard with the new RLS).

200 See *Smith*, *supra* note 193 (discussing the MLN standard).

201 See *Carrier*, *supra* note 193, at 122 (noting that the RLS standard “set[s] a bar that is not excessively high.”).

202 See 35 U.S.C. § 282(a) (identifying the four defenses against a claim of patent infringement as non-infringement, lack of liability for infringement, unenforceability, and invalidity).

203 See 35 U.S.C. § 302 (declaring “[a]ny person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title.”).

204 See Commissioner’s Notice of Sept. 8, 1988, Patent & Trademark Office Notice Regarding Implementation of 37 C.F.R. § 1.56, 1095 Off. Gaz. Pat. & Trademark Office 16 (Oct. 11, 1988) [hereinafter *Commissioner’s Notice*] (remarking that courts should be reviewing alleged inequitable conduct rather than the administrative body). In 1988 the USPTO amended its procedures for dealing with reexamination based on claims of unenforceability holding that it would not investigate these claims in the future. *Id.* The investigative mechanisms of the USPTO, it held, were not the best forum from which a determination of intent to mislead, as defined by 37 C.F.R. 1.56(d) (1977). See *id.*; *CHISUM*, *supra* note 23, at § 19.03[6][a][i] (noting that the Patent Office handles inequitable conduct differently if the application remains pending than it does if the patent has already issued). However, note that “a judicial determination of fraud, inequitable conduct, or violation of the duty of disclosure” may be grounds for reexamination if it is “explicit, unequivocal, and not subject to interpretation.” See *MPEP*, *supra* note 103, at § 1448.

205 649 F. 3d 1276 (Fed. Cir. 2011).

206 See *Sterne et al.*, *supra* note 184, at 9-10 (discussing the implications of the *Therasense* case).

However, after *Therasense*, even a finding of high materiality will not be enough for a finding of inequitable conduct in the absence of a finding of a “deliberate decision to withhold.” In addition, the relatively low SNQ standard falls well short of the requisite “but for” materiality. Accordingly, it is possible that the use of this tactic by accused infringers may diminish.

Id.

- 207 See 35 U.S.C. § 257(e) (outlining the potential repercussions of fraud). In such an instance,
- [i]f the Director becomes aware, during the course of a supplemental examination or reexamination proceeding ordered under this section, that a material fraud on the Office may have been committed in connection with the patent that is the subject of the supplemental examination, then in addition to any other actions the Director is authorized to take, including the cancellation of any claims found to be invalid under section 307 as a result of a reexamination ordered under this section
- Id.*
- 208 See *id.* (providing a potential medium through which the Office might investigate fraud).
- 209 See *id.* (indicating that for a fraud investigation to occur, the Director must become aware of a material fraud, “during the course of a supplemental examination or reexamination proceeding ordered under this section”); *but see* Total Containment, Inc. v. Environ Prods., Inc., 921 F. Supp. 1355, 1378 (E.D. Pa. 1995) (discussing another alternative, wherein it is the petitioner who may be the one who fraudulently acts during a reexamination proceeding).
- [W]hen a reexamination requester other than the patent owner fails to exercise candor and good faith during a reexamination proceeding, the fact might never be discovered. If, by withholding material information, the requestor is successful in having the claims of its opponent’s patent canceled, any pending litigation would be dismissed. The patent owner would not have an opportunity to discover the withheld information in subsequent litigation.
- Id.*
- 210 See 35 U.S.C. § 321(b) (2012) (stating that “a petitioner in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b)”).
- 211 *Id.*
- 212 See 35 U.S.C. § 282(b) (providing “defenses in any action involving the validity or infringement of a patent”).
- 213 *Id.* (listing available defenses).
- 214 See 35 U.S.C. § 311(a) (2002) (stating “[a]ny third-party requester at any time may file a request for inter partes reexamination by the Office of a patent on the basis of any prior art cited under the provisions of section 301.”).
- 215 See 35 U.S.C. § 311 (2012) (stating “[a] petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.”).
- 216 See 35 U.S.C. § 311(a) (2002) (allowing “any third-party requester” to “request . . . inter partes reexamination”).
- 217 See *Commissioner’s Notice, supra* note 202 (determining examination of inequitable conduct beyond powers of USPTO and declining to examine it). In 1988 the USPTO amended its procedures for dealing with reexamination based on claims of unenforceability holding that it would not investigate these claims in the future. *Id.* The investigative mechanisms of the USPTO, it held, were not the best forum from which a determination of intent to mislead, as defined by 37 C.F.R. 1.56(d) (1977). *Id.*
- 218 See 35 U.S.C. §§ 301-307 (setting forth the relatively-unchanged ex parte reexamination sections).
- 219 See *id.* (excluding third parties from significant portions of the reexamination).
- 220 See 35 U.S.C. § 326(a)(5) (providing that the Directors shall “set[] forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to evidence directly related to factual assertions advanced by either party in the proceeding”).
- 221 See 35 U.S.C. § 316(a)(5) (“setting forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to (A) the deposition of witnesses submitting affidavits or declarations; and (B) what is otherwise necessary in the interest of justice”).
- 222 See 35 U.S.C. § 326(a)(5) (noting the Director’s responsibility with regard to discovery provisions); 37 C.F.R. § 42.224 (2012) (stating “[n]otwithstanding the discovery provisions of subpart A: (a) Requests for additional discovery may be granted upon a showing of good cause as to why the discovery is needed; and (b) Discovery is limited to evidence directly related to factual assertions advanced by either party in the proceeding.”).
- 223 See 37 C.F.R. § 42.224 (providing the standard necessary for additional discovery).
- 224 See 35 U.S.C. § 316(a)(5) (limiting discovery to the deposition of witnesses and other necessary evidence); Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48680-01, 48693 (Aug. 14, 2012) (codified at 37 C.F.R. § 42.224) (*citing* U.S. v. Roberts, 978 F.2d 17, 22 (1st Cir. 1992):
- While an interests-of-justice standard will be employed in granting additional discovery in inter partes reviews and derivation proceedings, new subpart C will provide that a good cause standard is employed in post-grant reviews, and by consequence, in covered business method patent reviews. Good cause and interests-of-justice are closely related standards, but on balance, the interests-of-justice standard is a slightly higher standard than good cause. While a good cause standard requires a party to show a specific factual reason to justify the needed discovery, interests-of-justice would mean that the Board would look at all relevant factors. The interests-of-justice standard covers considerably more than the good cause standard, and in using such a standard the Board will attempt to consider whether the additional discovery is necessary in light of “the totality of the relevant circumstances.”
- Id.*
- 225 See USPTO Rules of Practice in Patent Cases, 37 C.F.R. § 1.565(a) (2007) (noting “[i]n an ex parte reexamination proceeding before the Office, the patent owner must inform the Office of any prior or concurrent proceedings in which the patent is or was involved such as interferences, reissues, ex parte reexaminations, inter partes reexaminations, or litigation and the results of such proceedings.”).

- 226 See *MPEP*, *supra* note 103, at § 2286(V) (reviewing examiner responsibilities during ex parte reexamination).
- In order to ensure that the Office is aware of prior or concurrent litigation, the examiner is responsible for conducting a reasonable investigation for evidence as to whether the patent for which ex parte reexamination is requested has been or is involved in litigation. The investigation will include a review of the reexamination file, the patent file, and the results of the litigation computer search by the STIC.
- Id.*
- 227 See 37 C.F.R. § 1.565(b) (2012) (stating “[i]f a patent in the process of ex parte reexamination is or becomes involved in litigation, the Director shall determine whether or not to suspend the reexamination.”); but see *Ethicon*, 849 F.2d at 1427 (declaring “[t]he Commissioner, on the other hand, has no inherent authority, only that which Congress gives. It did not give him authority to stay reexaminations; it told him to conduct them with special dispatch. Its silence about stays cannot be used to countermand that instruction.”).
- 228 See *MPEP*, *supra* note 103, at § 2286(IV) (describing the impact of a court’s final holding of invalidity or unenforceability on the USPTO).
- [A] final Federal Court holding of invalidity or unenforceability (after all appeals), is binding on the Office. Upon the issuance of a final holding of invalidity or unenforceability, the claims being examined which are held invalid or unenforceable will be withdrawn from consideration in the reexamination. The reexamination will continue as to any remaining claims being examined.
- Id.*
- 229 See *id.* (binding the Patent Office by the final decision of the Federal Court).
- 230 See *MPEP*, *supra* note 103, at § 2286(IV) (noting the impact of a final finding of claim validity).
- A non-final Federal Court decision concerning a patent under reexamination shall have no binding effect on a reexamination proceeding. The issuance of a final Federal Court decision upholding validity during an ex parte reexamination also will have no binding effect on the examination of the reexamination. This is because the court states in [*Ethicon*] that the Office is not bound by a court’s holding of patent validity and should continue the reexamination.
- Id.*
- 231 See *MPEP*, *supra* note 103, at § 2286(I) (stating that “[w] here a request for ex parte reexamination indicates . . . that litigation is stayed for the filing of a reexamination request, the request will be taken up by the examiner for decision 6 weeks after the request was filed, and all aspects of the proceeding will be expedited to the extent possible.”).
- 232 See *Ethicon*, 849 F.2d at 1426-27 (declaring that “[c]ourts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination.”).
- 233 *Viskase Corp. v. American Nat’l Can Co.*, 261 F.3d 1316, 1328 (Fed. Cir. 2001).
- 234 *Xerox Corp. v. 3Com Corp.*, 69 F.Supp.2d 404, 406 (W.D.N.Y. 1999); see Matthew A. Smith, *Stay, Suspension, and Merger: Considerations for Concurrent Proceedings Involving Inter Partes Reexamination*, 90 J. PAT. & TRADEMARK OFF. SOC’Y 657, 659-65 (2008) (noting that a party who successfully argues the issues of prejudice and simplification has a better chance of having the court grant a stay).
- 235 See *Ethicon*, 849 F.2d at 1426-8 (describing the inherent power to grant or refuse reexamination).
- 236 See 35 U.S.C. § 325(a)(1) (2012) (stating that “[a] post-grant review may not be instituted under this chapter if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent”); 35 U.S.C. § 315(a)(1) (noting “[a]n inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.”).
- 237 See *supra* note 234 (discussing when reviews will not be instituted).
- 238 35 U.S.C. § 315(a)(2); see 35 U.S.C. § 325(a)(2) (providing the same methods for lifting the automatic stay in the case of a post-grant review).
- 239 See 35 U.S.C. § 315(b) (further restricting the reexamination provision by declaring that “[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.”).
- 240 See *Gardella*, *supra* note 170, at 403-04 (explaining how estoppel differentiates *inter partes* and *ex parte* procedures); *Sterne*, *supra* note 184, at 64-65 (discussing estoppel issues in the context of inter partes reexamination).
- 241 See Mark D. Janis, *Inter Partes Patent Reexamination*, 10 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 481, 492-98 (2000) (describing the purpose and effect of estoppel in reexamination proceedings, and characterizing participation in inter partes reexamination as being “a very high price”); Ashley N. Parker, Comment, *Problem Patents: Is Reexamination Truly a Viable Alternative to Litigation?*, 3 N.C. J.L. & TECH. 305, 320 (2002) (reiterating the purpose and effect of estoppel in reexamination proceedings).
- 242 See *Parker*, *supra* note 239, at 320 (identifying limits placed upon petitioners seeking to challenge a previously-litigated patent).
- 243 Compare 35 U.S.C. §§ 301-307 (providing no discussion of estoppel), with 35 U.S.C. § 325(e) (showing that there are estoppel issues to consider when dealing patentability), and 35 U.S.C. § 315(e) (showing that there are potential estoppel issues in inter partes review). See Dale L. Carlson and Robert A. Migliorini, *Patent Reform At the Crossroads: Experience In the Far East with Oppositions Suggests an Alternative Approach for the United States*, 7 N.C. J. L. & TECH. 261, 274 (2006) (noting that “the lack of an estoppel provision in ex parte reexamination vis-à-vis inter partes reexamination may be a significant factor in its

- greater popularity despite its other disadvantages in terms of limitations on third-party requester involvement and appeal options.”).
- 244 See *MPEP*, *supra* note 103, at § 2259 (providing an explanation of the role of *res judicata* and Collateral Estoppel in reexamination).
- Since claims finally held invalid by a Federal Court, after all appeals, will be withdrawn from consideration and not reexamined during a reexamination proceeding, a rejection on the grounds of *res judicata* will not be appropriate in reexamination. In situations, where the issue decided in Court did not invalidate claims, but applies in one or more respects to the claims being reexamined, the doctrine of collateral estoppel may be applied in reexamination to resolve the issue.
- Id.*
- 245 See J. Steven Baughman, *Reexamining Reexaminations: A Fresh Look At the Ex Parte and Inter Partes Mechanisms for Reviewing Issued Patents*, 89 J. PAT. & TRADEMARK OFF. Soc’y 349, 354-55 (2007) (stating that “on-the-record claims made by patent owner may lead to additional prosecution history” in subsequent litigation).
- 246 See *id* at 355 (asserting that reexamination can provide a second chance at a result favorable to the alleged infringer).
- 247 See *Custom Accessories*, 807 F.2d at 961 (holding that the burden of proving invalidity of a reexamined patent is “made heavier”); see also *McCombs & O’Dell*, *supra* note 134, at 24-25 (noting that a reexamined patent may have an “enhanced presumption of validity” because the examiner would have reviewed the prior art and maintained the validity of the claim(s)).
- 248 See 35 U.S.C. § 325(e) (2012) (precluding petitioner in a post-grant review from raising previously adjudicated issues based on grounds that the petitioner raised, or even “reasonably could have raised during that post-grant review.”); 35 U.S.C. § 315(e) (2012) (petitioner is estopped from litigating issues raised or reasonably could be raised during inter partes review).
- 249 See 35 U.S.C. § 325(e)(1) (providing post-grant reexamination estoppel provisions).
- The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that post-grant review.
- Id.*; 35 U.S.C. § 315(e)(1) (providing inter partes review estoppel provisions).
- The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.
- Id.*
- 250 See 37 C.F.R. § 42.104(a) (2012) (stating “[t]he petitioner must certify that the patent for which review is sought is available for inter partes review and that the petitioner is not barred or estopped from requesting an inter partes review challenging the patent claims on the grounds identified in the petition”).
- 251 See 35 U.S.C. § 325(e)(2) (providing post-grant reexamination estoppel restrictions in civil actions).
- The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that post-grant review.
- Id.*; 35 U.S.C. § 315(e)(2) (providing inter partes reexamination estoppel provisions in civil actions).
- The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.
- Id.*
- 252 See *Janis*, *supra* note 239, at 492.
- 253 See 145 CONG. REC. E1788, E1790 (daily ed. Aug. 3, 1999) (statement of Rep. Coble) (commenting on the purposes of inter partes reexamination).
- To prevent harassment, anyone who requests *inter partes* reexamination must identify the real party in interest and third-party requesters who participate in an *inter partes* reexamination proceeding are estopped from raising in a subsequent court action or *inter partes* reexamination any issue of patent validity that they raised or could have raised during such *inter partes* reexamination.
- Id.*
- 254 See 151 CONG. REC. S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley) (remarking of the post-grant review process that it would, “enable early challenges to patents, but also protect the rights of inventors and patent owners against endless litigation” and of inter partes review that it would have, “a high threshold for initiating a proceeding and procedural safeguards to prevent a challenger from using the process to harass patent owners.”).
- 255 35 U.S.C. § 325(e)(1); see 35 U.S.C. § 315(e)(1) (stating estoppel restrictions on bringing forth claims before the Office).
- 256 See 35 U.S.C. § 315(c) (2002) (offering similar language in the context of inter partes reexamination).
- A third-party requester whose request for an inter par-

- tes reexamination results in an order under section 313 is estopped from asserting at a later time, in any civil action arising in whole or in part under section 1338 of title 28, 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.
- Id.*
- 257 See, e.g., Alan Devlin, *Revisiting the Presumption of Patent Validity*, 37 SW. U. L. REV. 323, 361-63 (2008) (describing the clause as a “major weakness,” given its unforeseen consequence of representing a “significant disincentive” to challenging a patent) Susan Perng Pan, *Considerations for Modifying Inter-Partes Reexam and Implementing Other Post-Grant Review*, 45 IDEA 1, 9-11 (2004) (discussing the ambiguities within the early inter partes reexamination statute).
- 258 See McCombs, *supra* note 134, at 9; *Report to Congress on Inter Partes Reexamination*, *supra* note 110, 196 at 6, (reporting that “[i]n the view of round table participants, it is not clear how extensive a prior art search must be in order to avoid the ‘could have been raised’ estoppel . . .”).
- 259 See CHISUM, *supra* note 23, at § 11.07[4] (discussing the legislative history of the revised reexamination process and noting that reexamination fees are much lower than the cost of litigation).
- 260 Jon Van, *E-Commerce Patent Threat; Firms Claim Broad Coverage Then Sue; Targets Often Pay To Avoid Fight*, CHICAGO TRIBUNE, Jan. 13, 2003, archived at <http://www.webcitation.org/6BADnucqU> (noting that as of 2003 patent infringement cases typically cost in excess of \$1 million); 37 C.F.R. § 1.20(c)(1) (2012) (listing the fee for *ex parte* reexamination at \$17,750); 37 C.F.R. § 42.15(b)(1) (2012) (listing the fee for post-grant review at \$35,800); 37 C.F.R. § 42.15(a)(1) (2012) (listing the fee for *inter partes* review at \$27,200).
- 261 See CHISUM, *supra* at note 23, § 19.01. (highlighting the four defenses that can preclude enforcement of a patent against otherwise infringing conduct)
- 262 See, e.g., Nystrom v. TREX Co., 424 F.3d 1136, 1149 (Fed. Cir. 2005) (noting “[a] patent is invalid as anticipated if every limitation in a claim is found in a single prior art reference.”)
- 263 See, e.g., Star Sci., Inc. v. R.J. Reynolds Tobacco Co., 537 F.3d 1357, 1365 (Fed. Cir. 2008) (reiterating that unenforceability due to inequitable conduct requires that “the accused infringer present evidence that the applicant (1) made an affirmative misrepresentation of material fact, failed to disclose material information, or submitted false material information, and (2) intended to deceive the [PTO]” (*quoting* Cargill, Inc. v. Canbra Foods, Ltd., 476 F.3d, 1359, 1363 (Fed. Cir. 2007)); see also MARTIN J. ADELMAN ET AL., CASES AND MATERIALS ON PATENT LAW, § 12.3 (2d ed. 2003) (discussing the statutory and evidentiary requirements for a finding of inequitable conduct).
- 264 See, e.g., Golan v. Pingel Enter., Inc., 310 F.3d 1360, 1368-69 (Fed. Cir. 2002) (discussing implications of Sherman Antitrust Act). See also 6 CHISUM, *supra* note 23, § 19.06 (discussing the general requirements for finding a violation of antitrust statutes as they apply to patents).
- 265 See, e.g., Wanlass v. Fedders Corp., 145 F.3d 1461, 1463-64 (Fed. Cir. 1998) (describing use of the defense).
In order to invoke the laches defense, a defendant must prove two elements: 1. the plaintiff delayed filing suit for an unreasonable and inexcusable length of time from the time the plaintiff knew or reasonably should have known of its claim against the defendant, and 2. the delay operated to the prejudice or injury of the defendant.”
Id. See also ADELMAN ET AL., *supra* note 261, at § 16.1 (discussing the general concept of laches and estoppel in the patent context).
- 266 35 U.S.C. § 285 (2012) (allowing the court to award reasonable attorney fees in, “exceptional cases”)
- 267 See *Highway Equip.*, 469 F.3d at 1031-32 (expounding that “we follow the ‘fundamental precept that federal courts are courts of limited jurisdiction,’ empowered to act only within the bounds of Article III of the United States Constitution” in the context of an appeal seeking attorney fees (*quoting* Owen Equip. & Erection Co. v. Kroger, 437 U.S. 365, 375 (1978)).
- 268 See 35 U.S.C. § 285 (speaking broadly to a court’s ability to award attorney fees); ROWE ET AL., *supra* note 51, at 26-27 (discussing the general difference between the “American” and “English” systems whereby the in the “American” system one-way fee shifting provisions, such as that in 35 U.S.C. § 285, generally go against the the normal theory that each party bears its own costs).
- 269 469 F.3d 1027 (Fed. Cir. 2006).
- 270 See *id.* at 1032-33, 1035, 1037 (holding that exceptionality cannot be circumvented by a CNS).
- 271 See *id.* at 1030 (recalling factual and procedural history of the case).
- 272 See *id.* at 1031 (noting that the claims for attorney fees and costs were included in the defendant’s Answer). It is unclear whether a court’s discretionary power to allow a defendant to later amend its Answer to add claims for costs and attorney fees based on exceptionality claims would have any effect on the outcome of the case. *Id.*
- 273 See *id.* at 1030 (providing a typical example of a covenant not to sue in which the patent holder covenants not to sue for any product currently or previously manufactured by the defendant). The CNS read:
Highway Equipment Company, on behalf of itself and any successors-in-interest to [the patent-in-suit], hereby unconditionally and irrevocably covenants not to assert at any time any claim of patent infringement including direct infringement, contributory infringement and/or inducing infringement against [FECO] under the ‘281 patent, as it currently reads, based on [FECO’s] manufacture, use, offer for sale, or sale of:](1) any product that [FECO] currently manufactures; and/or (2) any product that [FECO] manufactured prior to the date of this declaration.
Id. at 1030.
- 274 See *id.* at 1031 (finding that the case was not exceptional).
- 275 *Highway Equip.* 469 F.3d at 1032 (arguing that Article III subject-matter jurisdiction was removed the moment the covenant was issued).

- 276 See *id.* at 1032, 1033n.1 (stating “the district court correctly retained jurisdiction over [defendant’s] claim for attorney fees” and that “the covenant [did] not deprive the district court of jurisdiction to determine . . . the request for attorney fees under 35 U.S.C. § 285.”). It is unclear at this time whether this extension of jurisdiction extends to claims of unenforceability. *Id.* The obvious question arises - why wouldn’t every declaratory judgment plaintiff claim exceptionality under Section 285 to retain jurisdiction? *Id.*
- 277 See 514 F.3d at 1243 (stating a Section 285 finding of inequitable conduct necessarily leads to a finding of unenforceability: “A district court has no discretion to decide whether a patent is unenforceable once it enters a finding of inequitable conduct.”).
- 278 See *id.* at 1232 (describing the patents involved).
- 279 See *id.* at 1233 (explaining that the patent holder filed a CNS with respect to three of the four patents).
- 280 See *id.* (finding that inequitable conduct occurred in all four of the patents); *but see Therasense, Inc.* 649 F.3d at 1291-96 (enunciating a new standard for the defense of inequitable conduct requiring a defendant show both intent and materiality by clear and convincing evidence).
- 281 See *Monsanto*, 514 F.3d at 1231 (summarizing Bayer’s appeal).
- 282 See *id.* at 1242 (stating that “under our precedent the district court retained independent jurisdiction over Monsanto’s request for attorney fees under 35 U.S.C. § 285.”).
- 283 See *id.* at 1243 (saying of the decision that “jurisdiction to decide whether a patent was obtained through inequitable conduct necessarily includes the jurisdiction to declare a patent unenforceable as a result of that inequitable conduct.”).
- 284 See *Reactive Metals & Alloys Corp. v. ESM, Inc.*, 769 F.2d 1578, 1582 n.5 (Fed. Cir. 1985) (describing the test as being that “first, the defendant established that the patent is invalid and second, that the patentee could not reasonably believe [sic] in the validity of the patent so as to justify the prosecution of this case.”).
- 285 *Compare Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260, 1267 (Fed. Cir. 1995) (holding that to prove exceptionality the defendant “had to prove that [the plaintiff] brought the patent infringement action in bad faith.”), *with Eisai Co. v. Dr. Reddy’s Labs., Ltd.*, 533 F.3d 1353, 1357 (Fed. Cir. 2008) (noting that a patent may be rendered invalid for obviousness without establishing bad faith on the part of the patentee).
- 286 See *CHISUM*, *supra* at note 23, § 19.02 (2008) (detailing the various means by which a patent may be held invalid and noting that a piece of prior art not known to the patentee cannot equate to a finding of intentional misrepresentation).
- 287 See, e.g., *Research Corp. Techs., Inc. v. Microsoft Corp.*, 536 F.3d 1247, 1252-54 (Fed. Cir. 2008) (detailing the steps a court must take to find a case exceptional including determining that intent to deceive is present).
- 288 See, e.g., *Scanner Techs. Corp. v. ICOS Vision Sys. Corp. N.V.*, 528 F.3d 1365, 1382 (holding that while the patentee did not have the intent to deceive the USPTO during prosecution of the patent-in-suit, the patent was invalid for obviousness based on prior art).
- 289 See *RFR Indus., Inc. v. Century Steps, Inc.*, 477 F.3d 1348, 1353 (Fed. Cir. 2007) (noting that the text of the statute requires prevailing party status).
- 290 See FED. R. CIV. P. 41(a)(2) (expounding “an action may be dismissed at the plaintiff’s request only by court order, on terms that the court considers proper. . . . Unless the order states otherwise, a dismissal under this paragraph . . . is without prejudice.”).
- 291 See *Highway Equip.* 469 F.3d at 1031-32 (describing the reasoning for declaring it a prevailing party).
- 292 See FED. R. CIV. P. 41(a)(1)(A) (codifying “the plaintiff may dismiss an action without a court order by filing: (i) a notice of dismissal before the opposing party serves either an answer or a motion for summary judgment; or (ii) a stipulation of dismissal signed by all parties who have appeared.”).
- 293 See *RFR Indus.*, 477 F.3d at 1353 (stating “[i]n order for a defendant to be said to have ‘prevailed’ as the result of a Rule 41 dismissal, the dismissal must have ‘sufficient judicial imprimatur to constitute a judicially sanctioned change in the legal relationship of the parties.’” (quoting *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep’t of Health & Human Res.*, 532 U.S. 598, 605 (2001))). It is a safe to conclude that a dismissal under FED. R. CIV. P. 12(b)(1) would not confer prevailing party status to the defendant. *Id.*
- 294 See FED. R. CIV. P. 41(a)(1)(B) (indicating that “[u]nless the notice or stipulation states otherwise, the dismissal is without prejudice. But if the plaintiff previously dismissed any federal- or state-court action based on or including the same claim, a notice of dismissal operates as an adjudication on the merits.”).
- 295 See *Keystone Driller Co. v. Gen. Excavator Co.*, 290 U.S. 240, 246-47 (1933) (holding that both an original patent and a patent improving the original patent, but granted to a different inventor, were invalid when it came to light that the original patent was invalid for prior public use). *But see Baxter Int’l Inc. v. McGaw, Inc.*, 149 F.3d 1321, 1332 (Fed. Cir. 1998) (dispelling the notion that tainted claims categorically render related claims unenforceable). “[W]here the claims are subsequently separated from those tainted by inequitable conduct through a divisional application, and where the issued claims have no relation to the omitted prior art, the patent issued from the divisional application will not also be unenforceable due to inequitable conduct. . . .” *Id.*
- 296 See *Consol. Aluminum Corp. v. Foseco Int’l Ltd.*, 910 F.2d 804, 809 (Fed. Cir. 1990) (noting that when a patent is a continuation in part or an improvement of a previous patent, the two are sufficiently interrelated to affect one another). “This appeal presents the first instance in which this court is required to consider the equitable maxim ‘he who comes into equity must come with clean hands’ in determining whether inequitable conduct in procuring one patent-in-suit requires a holding that other patents-in-suit are unenforceable.” *Id.* See also *Trilogy Commc’ns, Inc. v. Comm Scope Co.*, 754 F. Supp. 468, 509 (W.D.N.C. 1990) (stating that “[s]ince the ‘846 patent and the ‘250 patent issued from a single patent application and the ‘250 patent relies upon the ‘846 patent application for priority the in-

- equitable conduct as to the '846 patent application would also bar enforcement of the '250 patent.”).
- 297 See *Hoffman-La Roche, Inc. v. Promega Corp.*, 319 F. Supp. 2d 1011, 1016 (N.D. Cal. 2004) (noting the reasoning as to why the patents must have been plead in the original declaratory judgment). While the court may extend jurisdiction over patent no longer in suit, the patent or patents in question must have been originally claimed in the defendant's declaratory judgment suit. *Id.*
- 298 504 F.3d 1223, 1235 (Fed. Cir. 2007), cert. denied, 554 U.S. 903 (2008).
- 299 See *id.* at 1229–30 (holding that it was not an abuse of discretion to find the patents unenforceable even though they were withdrawn shortly before trial).
- 300 See *id.* at 1226 (listing the fifteen patents originally at issue).
- 301 See E-mail from Jonathan Hill, Council for the Plaintiff-Appellant, Jenner & Block LLP, Chicago, Ill. to Jason Tiedeman (Oct. 10, 2008, 03:22:00 CST) (on file with author) (documenting that the plaintiff removed four patents from the suit prior to trial); *Nilssen*, 504 F.3d at 1226 (indicating that four patents were withdrawn shortly before the trial); *Nilssen v. Ostam Sylvania, Inc.*, No. 2007-1198, -1348, 4 (Fed. Cir. June 17, 2009) *archived at* <http://www.webcitation.org/6D5gWJsNp> (representing an unpublished (pre-amendment) decision of the Court of Appeals for the Federal Circuit, where the court indicates that the four withdrawn patents were withdrawn via “Statement of Non-Liability”).
- 302 See *Nilssen*, 504 F.3d at 1227 (describing the remaining patents as unenforceable because they were granted based upon, in part, the affidavits of an interested party).
- 303 See *id.* (finding the patents unenforceable).
- 304 See *id.* at 1230 (stating, “[i]t was not an abuse of discretion for the district court, when these patents were sued upon and maintained in the suit up until just before trial, to hold these four patents unenforceable . . .”).
- 305 See *Monsanto*, 514 F.3d at 1243 (comparing jurisdiction analysis in *Nilssen* to the case at bar). In *Nilssen*, jurisdiction to enter a judgment of inequitable conduct was itself in issue, but such an outcome in *Monsanto* was more straightforward based on the jurisdiction conferred by Section 285. *Id.*
- 306 See *id.* (citing *Nilssen*, which articulated that, “[b]ecause inequitable conduct with respect to one or more patents in a family can infect related applications, we find no abuse of discretion in the district court’s holding the [four patents no longer in suit] unenforceable” (quoting *Nilssen*, 504 F.3d at 1230)).
- 307 See 649 F.3d at 1290 (stating, “[t]his court now tightens the standards for finding both intent and materiality in order to redirect a doctrine that has been overused to the detriment of the public.”).
- 308 See *id.* (discussing changes to the standards necessary for inequitable conduct).
- Intent and materiality are separate requirements. A district court should not use a “sliding scale,” where a weak showing of intent may be found sufficient based on a strong showing of materiality, and vice versa. Moreover, a district court may not infer intent solely from materiality. Instead, a court must weigh the evidence of intent to deceive independent of its analysis of materiality. Proving that the applicant knew of a reference, should have known of its materiality, and decided not to submit it to the PTO does not prove specific intent to deceive.
- Id.* (internal citations omitted).
- 309 *Id.* at 1290.
- 310 *Id.* at 1291.
- 311 15 U.S.C. § 2 [hereinafter Sherman Act] (declaring that “[e]very person who shall monopolize, or attempt to monopolize . . . any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine . . ., or by imprisonment not exceeding 10 years . . .”).
- 312 382 U.S. 172 (1965).
- 313 See *id.* at 174 (engendering so-called *Walker Process* claims against patent owners who fraudulently obtained patents).
- 314 *Id.* at 177 (describing such actions as being “sufficient” to remove a party’s exemption from antitrust laws). “By the same token, [the antitrust defendant’s] good faith [before the Patent Office] would furnish a complete defense” to any antitrust claims based on a willful misrepresentation of fact. *Id.*
- 315 See *id.* (recognizing the importance of competition to the public). “The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope.” (quoting *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945)).
- 316 601 F.2d 986 (9th Cir. 1979).
- 317 See *id.* at 994–96 (holding that a lawfully-obtained patent, procured by fraud, may result in the subsequent patent holder being saddled with antitrust liability).
- 318 See Christopher R. Leslie, *Patents of Damocles*, 83 IND. L.J. 133, 140 (2008) (noting that such transferred liability is predicated on whether the subsequent owner knew that the patent was obtained via fraud on the Patent Office).
- 319 See *id.* (stating “[a]n antitrust plaintiff charging a dominant firm with illegal monopolization under either a *Walker Process* or *Handgards* theory of recovery would have to prove all of the necessary elements [in] Section Two [of the Sherman Act] . . .”).
- 320 See *United States v. Grinnell Corp.*, 384 U.S. 563, 570–71 (1966) (describing the relevant elements of the Sherman Act. An antitrust plaintiff must prove “(1) the [defendant’s] possession of monopoly power in the relevant market and (2) the willful acquisition or maintenance of that power as distinguished from growth or development as a consequence of a superior product, business acumen, or historic accident.”). See also *Golan*, 310 F.3d at 1369 (noting that “[d]efining the relevant market is indispensable to a monopolization claim’ under § 2 of the Sherman Act.” (quoting

- Thurman Indus., Inc. v. Pay 'N Pack Stores, Inc.*, 875 F.2d 1369, 1373 (9th Cir. 1989)).
- 321 See *Walker Process*, 382 U.S. at 178–79 (remanding case to allow plaintiff opportunity to prove the alleged fraud); Leslie, *supra* note 316, at 140 (noting that an invalid patent bestows on its owner the possibility to establish anti-competitive behavior, but that several other factors must first be met for liability to ensue).
- 322 See Leslie, *supra* note 316, at 167 (lamenting the fact that few antitrust claims are successfully litigated as “it is often difficult to successfully challenge the suspect patent in court because evidentiary standards significantly favor the patentholder [sic].”); see also Christopher R. Leslie, *The Anticompetitive Effects of Unenforced Invalid Patents*, 91 MINN. L. REV. 101, 133–34 (2006) [hereinafter *Anticompetitive Effects of Unenforced Invalid Patents*] (discussing how the courts have increased the plaintiff’s burden of proof on the issue of the invalidity of an issued patent).
- 323 See *Al-Site Corp. v. VSI Int’l, Inc.*, 174 F.3d 1308, 1323 (Fed. Cir. 1999) (declaring “an accused infringer who defends on grounds of patent invalidity bears the burden of showing patent invalidity by clear and convincing evidence.”).
- 324 See *Walker Process*, 382 U.S. at 179 (requiring proof of “knowing and willful fraud” by a defendant on the Patent Office to establish liability); see also *Handguards*, 601 F.2d at 994 (reiterating that “‘the enforcement of a patent procured by fraud on the Patent Office’ may give rise to antitrust liability.”).
- 325 See Neil A. Smith, *Fraud Upon the Patent Office as a Violation of the Sherman Antitrust Law*, 53 J. PAT. OFF. SOC’Y 423, 434–35 (1971) (stating “*Walker [Process]* . . . [has] made it clear that a necessary condition for such [antitrust] liability is that the inherent monopoly in the fraudulently acquired patent grant be exercised by asserting, enforcing, or otherwise using the patent to exclude others and thus have an anti-competitive effect on the relevant market.”); see also Leslie, *supra* note 316 at 165–70 (explaining enforceability requirement and various ways this requirement can be defined and satisfied).
- 326 See Smith, *supra* note 323, at 434 (noting that enforcement of the patent must have an anticompetitive effect).
- 327 See Leslie, *supra* note 316, at 141 (describing similarity between determining jurisdiction in declaratory judgment action and defining enforcement under the *Walker* test).
- 328 See *Walker Process*, 382 U.S. at 175 (declaring “[b]oth *Walker* and the United States . . . argue that if [the patent holder] obtained its patent by fraud and thereafter used the patent to exclude [the alleged infringer] from the market through threats of suit and prosecution of this infringement suit, such proof would establish a prima facie violation of [Section] 2 of the Sherman Act.”).
- 329 See *Unitherm Food Sys, Inc. v. Swift-Eckrich, Inc.*, 375 F.3d 1341, 1358 (Fed. Cir. 2004) (stating that “as a matter of Federal Circuit antitrust law, the standards that we have developed for determining jurisdiction in a Declaratory Judgment Action of patent invalidity also define the minimum level of ‘enforcement’ necessary to expose the patentee to a *Walker Process* claim for attempted monopolization.”); Leslie, *supra* note 316, at 162–63 (discussing *MedImmune* test and subsequent interpretive cases).
- 330 See 15 U.S.C. § 1 (creating a cause of action for illegal restraint of trade).
- 331 See, e.g., *Dow Chem. Co. v. Exxon Corp.*, 139 F.3d 1470, 1471–72 (Fed. Cir. 1998) (presenting the circumstance in a case in which both declaratory judgment claims and a claim based state antitrust laws were brought in different counts of the same suit).
- 332 See *Golan*, 310 F.3d at 1368 (discussing the elements of bringing a claim under § 2 of the Sherman Act).
- 333 See *id.* (stating the plaintiff’s heavy burden in bringing a claim under the Sherman Act).
- 334 See *id.* at 1365 (reviewing the plaintiff’s assertions).
- 335 *Id.* at 1363.
- 336 See *id.* at 1363–64 (granting summary judgment).
- 337 See *Golan*, 310 F.3d at 1367–68 (discussing the district court’s jurisdictional power to preside over the case and the appellate court’s power to review the case).
- 338 See *id.* at 1369 (holding plaintiff failed establish a prima facie antitrust claim).
- 339 See *id.* at 1369–70 (granting summary judgment).
- 340 See *Highway Equip.*, 469 F.3d at 1033 (holding that subject matter jurisdiction may be retained by a court in order to determine if a case is exceptional under 35 U.S.C. § 285); see also *Walker Process*, 382 U.S. at 177 (extending Sherman Act claims to monopolistic behavior using patents).
- 341 See *Highway Equip.*, 469 F.3d at 1033 (retaining the court’s ability to rule on the Section 285 motion even though the patent holder issued a CNS); see also *Walker Process*, 382 U.S. at 178 (noting that antitrust claims represent their own causes of action).
- 342 See FED. R. CIV. P. 11(b)(3) (stating “the factual contentions have evidentiary support or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation or discovery . . .”).
- 343 See, e.g., *In re Hayes Microcomputer Prods., Inc. Patent Litig.*, 982 F.2d 1527, 1546 (Fed. Cir. 1992) (stating that the district court was not improper in denying the award of FRCP 11 sanctions to the plaintiff). A grant of sanctions under FRCP 11 requires that “a pleading, motion, or other paper is frivolous only where it is ‘both baseless and made without a reasonable and competent inquiry.’” *Id.* at 1545 (quoting *Townsend v. Holman Consulting Corp.*, 914 F.2d 1136, 1140 (9th Cir. 1990)). See also FRCP 11(c)(2) (detailing the “safe harbor” provisions of FRCP 11 allowing a 21 day removal window after notification by the opposing party that the filing lacks evidentiary support).
- 344 See PATENT LITIGATION HANDBOOK, *supra* note 52, at 82 (contending while it is true that while litigants must abide by FRCP 11 standards, they “should take heed that courts often view Rule 11 motions with suspicion” when they are raised in reference to a defendant’s response to a complaint).
- 345 See 28 U.S.C. § 2201 (codifying the Declaratory Judgment Act as “Creation of Remedy,” signifying that Congress did

- not intend the act to be its own cause of action).
- 346 See *supra* notes 11-12, and accompanying text (describing the relationship between jurisdiction and the Declaratory Judgment Act).
- 347 Compare Doernberg & Mushlin, *supra* note 8, at 561-72 (arguing that the Supreme Court has not interpreted the Declaratory Judgment Act in the manner in which Congress intended, i.e. as its own cause of action conferring subject matter jurisdiction), with *Aetna Life*, 300 U.S. at 239-40 (interpreting the “case of actual controversy” requirement of the Declaratory Judgment Act to require that the underlying cause of action must confer jurisdiction).
- 348 See *Nilssen*, 504 F.3d at 1230 (indicating that the patents that were eventually found to be unenforceable were derived from the same application as those in the suit); *Consol. Aluminum*, 910 F.2d at 809 (holding that patents-in-suit which shared a specification with those obtained through fraud on the patent office were also invalid).
- 349 See, e.g., *Nilssen*, 504 F.3d at 1230 (noting that the patents that were eventually invalidated because of infectious unenforceability were originally present in the plaintiffs’ complaint).
- 350 See *Consol. Aluminum*, 910 F.2d at 809-10 (indicating that the particular circumstances of each case will determine the applicability of the use of interrelatedness to determine if the inequitable action of the patentee warrants rendering certain patents unenforceable).
- 351 See *Hoffman-La Roche*, 319 F. Supp. 2d at 1016 (elaborating on personal jurisdiction in patent suits). While the court may extend jurisdiction over patent no longer in suit, the patent or patents in question must have been originally within the scope of the suit. *Id.* Thus, the patents must have been asserted in the patent owners’ infringement complaint, in the purported infringer’s declaratory judgment action, or in some form of counter claim. *Id.*
- 352 Compare *Super Sack*, 57 F.3d at 1059 (finding that a CNS completely absolved the court of jurisdiction for patents subject to the CNS), with *Nilssen*, 504 F.3d at 1230 (finding that though a CNS had been issued, the court’s equitable powers allowed it to retain jurisdiction over patents subject to the CNS).
- 353 See 35 U.S.C. §§ 301-307 (2012) (describing the procedural steps for ex parte reexamination of patents).
- 354 See *id.* at §§ 321-329 (setting forth the process for a post-grant review).
- 355 See *id.* at §§ 311-319 (describing the inter partes review process).
- 356 See *Commissioner’s Notice*, *supra* note 202 at 16 (noting the amended procedures for dealing with reexamination based on claims of unenforceability). The investigative mechanisms of the USPTO, it indicated, were not the best forum from which a determination of intent to mislead, as defined by 37 C.F.R. 1.56(d) (1977). *Id.* Both post-grant review and inter partes review were implemented prior to publishing. See America Invents Act, Pub. L. 112-29, § 6, 125 Stat. 306 (2011) (indicating that inter partes reexamination would be replaced on September 16, 2012). See also CHISUM, *supra* note 23, at § 19.03[6][a][i] (discussing patent office procedure when met with fraud); *MPEP*, *supra* note 103, at § 1448 (noting that “a judicial determination of fraud, inequitable conduct, or violation of the duty of disclosure is a special circumstance” which may be grounds for reexamination if it is “explicit, unequivocal, and not subject to interpretation.”).
- 357 See CHISUM, *supra* note 23, at 19.03[6][a][i] (commenting on Patent Office practices).
- 358 See 35 U.S.C. § 316(a)(5) (2012) (directing the Director to set “forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to—(A) the deposition of witnesses submitting affidavits or declarations; and (B) what is otherwise necessary in the interest of justice.”); Changes to Implement Post-Grant Review Proceedings, 77 Fed. Reg. 7066-67, (Feb. 10, 2012) (noting the standard for granting additional standard in inter partes reviews).
- While an interests-of-justice standard will be employed in granting additional discovery in inter partes reviews and derivation proceedings, new subpart C will provide that a good cause standard is employed in post-grant reviews, and by consequence, in covered business method patent reviews. Good cause and interests-of-justice are closely related standards, but on balance, the interests-of-justice standard is a slightly higher standard than good cause. While a good cause standard requires a party to show a specific factual reason to justify the needed discovery, interests of justice would mean that the Board would look at all relevant factors. The interests-of-justice standard covers considerably more than the good cause standard, and in using such a standard the Board will attempt to consider whether the additional discovery is necessary in light of “the totality of the relevant circumstances.” *United States v. Roberts*, 978 F.2d 17, 22 (1st Cir. 1992).
- Id.*
- 359 See 35 U.S.C. § 305 (stating “[n]o proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter.”); *In re Freeman*, 30 F.3d at 1463-64 (discussing the handling of claims that purportedly broadened the reexamination claims); *MPEP*, *supra* note 103, at § 2250 (describing the test for when a “new claim enlarges the scope of an original claim under 35 U.S.C. § 305 [as being] the same as that under the 2-year limitation for reissue applications adding enlarging claims under 35 U.S.C. § 251, last paragraph.” (quoting *In re Freeman*, 30 F.3d at 1464)).
- 360 See *McCombs & O’Dell*, *supra* note 134, at 24-25 (noting that a reexamined patent may have an “enhanced presumption of validity” because the examiner will have likely looked at additional new art in addition to the previous art cited in the original examination); *Custom Accessories*, 807 F.2d at 961 (holding that a patent that the burden of proving invalidity of a reexamined patent is “made heavier”).
- 361 See FED. R. CIV. P. 26(c) (providing the rule for securing a protective order during litigation); *Juo & Pitman*, *supra* note 18, at 44 (stating that protective orders are a common mechanism used in patent litigation). “Confidential technical and financial information is often disclosed to the opposing side’s attorneys as part of discovery in litigation.”

- tion, subject to appropriate restrictions under a Rule 26(c) protective order.” *Id.*
- 362 See Juo & Pitman, *supra* note 18, at 44 (describing the purpose of a “prosecution bar”).
- 363 See *id.* at 44-45 (describing the function of a prosecution bar and its consequences).
- 364 See, e.g., Visto Corp. v. Seven Networks, Inc., No. 2:03-CV-333-TJW, 2006 WL 3741891, at *23-24 (E.D.Tex. Dec. 19, 2006) (reviewing the court’s reasoning in why an attorney violated a protective order by participating in the reexamination of a patent).
- 365 See Xerox Corp. v. Google, Inc., 270 F.R.D. 182, 184 (D. Del. 2010) (acknowledging some risk in allowing an attorney involved in litigation to partake in the reexamination proceedings, but finding the defendant’s confidential information “basically irrelevant” to the reexamination proceedings as they are based on prior art); Pall Corp. v. Entegris, Inc., 655 F. Supp. 2d 169, 175 (E.D.N.Y. 2008) (finding that “there is little risk from the potential to misuse that [confidential] information [disclosed during trial] either with respect to the filing of new patent applications or within the reexamination procedure itself.”); Kenexa Brassring, Inc., v. Taleo Corp., No. 07-521-SLR, 2009 WL 393782 at *2 (D. Del. Feb. 18, 2009) (determining that a prosecution bar which precluded an attorney from taking steps to “prepare, prosecute, or assist in the preparation or prosecution of any patent application” did not encompass a reexamination proceeding); Hochstein v. Microsoft Corp., No. 04-73071, 2008 WL 4387594, at * 3 (E.D. Mich. Sept. 24, 2008) (noting that reexamination only implicates public documents).
- 366 See Juo & Pitman, *supra* note 18, at 72-73 (reviewing the various decisions on the applicability of prosecution bars and reexamination proceedings).
- 367 See 35 U.S.C. §§ 321-329 (containing post-grant review provisions).
- 368 See 35 U.S.C. § 321(c) (providing filing due date).
- 369 See 35 U.S.C. § 322(a)(3)(A) (identifying content of the petition).
- 370 See America Invents Act, Pub. L. 112-29, § 6(f)(2), 125 Stat. 306 (2011) (describing the patents to which post-grant review will be available).
- 371 See 35 U.S.C. § 324(a) (describing the threshold requirement for post-grant review).
- 372 See *Message from Chief Judge James Donald Smith, supra* note 193 (discussing the standards that trigger inter partes and post grant review).
- 373 See 35 U.S.C. § 326(a)(12) (establishing petitioner’s right to have “at least 1 opportunity” to file written comments).
- 374 See *id.* (establishing petitioner’s right to participate in the patent review process).
- 375 See 35 U.S.C. § 326(a)(5) (establishing standards and procedures for discovery process during post-grant review process).
- 376 See 35 U.S.C. § 326(a)(12) (providing the petitioner’s ability to submit comments).
- 377 See 35 U.S.C. § 326(a)(5) (limiting discovery to evidence directly related to claimed assertions).
- 378 See 35 U.S.C. § 325(e) (laying out estoppel procedures before the USPTO, civil actions, and other types of patent proceedings).
- 379 See *id.* (prohibiting petitioners in post-grant review from re-litigating claim issues resolved under post-grant review final decision).
- 380 See 35 U.S.C. § 325(a)(2) (staying civil litigation filed after petition for post-grant review).
- 381 See 35 U.S.C. § 321(c) (providing the filing deadline).
- 382 See *id.* (stating that a post grant review must be petitioned for within the nine months after the grant).
- 383 See 35 U.S.C. §§ 311-19 (2012) (providing *inter partes* review).
- 384 See 35 U.S.C. § 316(a)(13) (providing that “[t]he Director shall proscribe regulations . . . providing the petitioner with at least 1 opportunity to file written comments within a time period established by the Director.”).
- 385 See *id.* (noting a right of the petitioner).
- 386 See *Message from Chief Judge James Donald Smith, supra* note 193 (showing that *inter partes* review requires a demonstration of a reasonable likelihood the petitioner would prevail while post-grant review requires a showing petitioner more likely than not will prevail).
- 387 35 U.S.C. §§ 314(a).
The Director may not authorize an *inter partes* review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.
Id.
- 388 See *Message from Chief Judge James Donald Smith, supra* note 193 (discussing the procedures and requirements of post-grant review).
- 389 See 35 U.S.C. § 316(a)(5) (describing limits to discovery of relevant evidence in *inter partes* review).
- 390 35 U.S.C. § 316(a)(5) (explaining the Director’s discretion in proscribing regulations for discovery of relevant evidence).
- 391 See 35 U.S.C. § 315(e) (providing the estoppel provisions for inter partes review).
- 392 Compare *id.* (discussing estoppel in *inter partes* proceedings); with 35 U.S.C. § 325 (discussing estoppel in post-grant review proceedings).
- 393 See 35 U.S.C. § 315 (noting standards for *inter partes* proceeding).
- 394 See 35 U.S.C. § 315(b) (setting forth time limitations for requesting inter partes proceedings).
- 395 See 35 U.S.C. § 301(a) (describing who may file for an ex parte reexamination).
- 396 35 U.S.C. § 303(a).
Within three months following the filing of a request

for reexamination under the provisions of section 302, the Director will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On his own initiative, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 or 302. The existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the Office or considered by the Office.

Id.

- 397 See Michel, *supra* note 183, 1159-60 (describing the standard as being “almost no standard at all”).
- 398 See *Ex parte Reexamination Filing Data – March 31, 2011*, *supra* note 156 (providing Patent Office reexamination statistics).
- 399 See 35 U.S.C. § 301(a) (2012) (stating that “[a]ny person at any time” may invoke the statute).
- 400 See *MPEP*, *supra* note 103, at 2286(IV) (noting that “a final Federal Court holding of invalidity or unenforceability (after all appeals), is binding on the Office. Upon the issuance of a final holding of invalidity or unenforceability, the claims being examined which are held invalid or unenforceable will be withdrawn from consideration in the reexamination. The reexamination will continue as to any remaining claims being examined.”).
- 401 See *MPEP*, *supra* note 103, at 2286(I) (noting “[w]here a request for *ex parte* reexamination indicates . . . that litigation is stayed for the filing of a reexamination request, the request will be taken up by the examiner for decision six weeks after the request was filed, and all aspects of the proceeding will be expedited to the extent possible.”).
- 402 See *Viskase*, 261 F.3d at 1328 (stating that it is within the court’s discretion whether or not to grant a stay).
- 403 See 35 U.S.C. § 305 (providing that it is forbidden to extend the scope of an original claim).
- 404 See *Custom Accessories*, 807 F.2d at 961 (holding that the burden of proving invalidity of a reexamined patent is “made heavier”); *McCombs*, *supra* note 134, at 24-25, (noting that a reexamined patent may have an “enhanced presumption of validity” because the examiner will have likely looked at additional new art in addition to the previous art cited in the original examination).
- 405 See *supra* Section II.A.3 (elaborating on protective orders and prior art litigation); see also *Super Sack*, 57 F.3d at 1055-58 (presenting scenario fact pattern similar to the one posited).
- 406 See *supra* Section II.A.3 (noting nonconformity amongst the courts).
- 407 See *In re Cont’l Gen. Tire, Inc.*, 81 F.3d 1089, 1092 (*Fed. Cir.* 1996) (stating “[n]o such rule [allowing the court to initiate mediation] . . . authorizes the district court to compel a party to instigate a reexamination proceeding.”).
- 408 *MPEP*, *supra* note 103, at 2203 (quoting 35 U.S.C. § 301(a)).
- 409 *MPEP*, *supra* note 103, at 2203.
- 410 See *supra* Section II.B.3 (reviewing *ex parte* reexamination proceedings).
- 411 See 35 U.S.C. § 41(e) (stating “[t]he Director may waive the payment of any fee for any service or material related to patents in connection with an occasional or incidental request made by a department or agency of the Government, or any officer thereof.”).
- 412 See *Highway Equip.*, 469 F.3d at 1032-33 (holding that subject matter jurisdiction may be retained by a court in order to determine if a case is exceptional under 35 U.S.C. § 285); see also *Walker Process*, 382 U.S. at 177 (extending Sherman Act claims to monopolistic behavior using patents).
- 413 See *Highway Equip.*, 469 F.3d at 1035 (extending jurisdiction to claims of exceptionality brought under 35 U.S.C. § 285); see also *Dow Chem.*, 139 F.3d at 1473-75 (extending jurisdiction to claims based on the Sherman Act).
- 414 See *Skelly Oil*, 339 U.S. at 671-72 (noting that the Declaratory Judgment Act itself does not confer jurisdiction, but derives from the underlying claim on which the action is based).
- 415 See *Walker Process*, 382 U.S. at 173-74 (engendering anti-trust claims in patent cases); see also *Highway Equip.*, 469 F.3d at 1030-33 (extending the reach of Section 285 claims to patents no longer in suit).
- 416 See *Walker Process*, 382 U.S. at 176-77 (declaring “[t]o permit recovery of treble damages for the fraudulent procurement of the patent coupled with violations of [Section 2 of the Sherman Act] accords with [the] long-recognized procedures” of allowing parties to challenge the validity of a patent utilizing declaratory judgment actions); see also *Highway Equip.*, 469 F.3d at 1032-33 (noting that had the defendant actually proved exceptionality the court would have had the necessary jurisdiction under Section 285 to enter judgment for treble damages).
- 417 See *Walker Process*, 382 U.S. at 178 (allowing Sherman Act claims in patent cases for the first time); see also *Highway Equip.*, 469 F.3d at 1033 n.1 (extending jurisdiction via Section 285 claims of exceptionality where such jurisdiction had not been previously found).
- 418 See *Walker Process*, 382 U.S. at 178 (dictating the extension of jurisdiction); see also *Highway Equip.*, 469 F.3d at 1033 n.1 (stating “the covenant does not deprive the district court of jurisdiction to determine the disposition of the patent infringement claims”).
- 419 See *Consol. Aluminum*, 910 F.2d at 809 (asserting the court extended a finding of inequitable conduct to patents before the court, but not themselves subject charges of inequitable conduct, because they were closely related to those that were held to be unenforceable).
- 420 See *Nilssen*, 504 F.3d at 1230 (stating “[i]t was not an abuse of discretion for the district court, when these patents were sued upon and maintained in the suit up until just before trial, to hold these four patents unenforceable, even though it did not include them in its entry of judgment.”).
- 421 Compare *Consol. Aluminum*, 910 F.2d at 809 (extending a

- claim of unenforceability to patents which were asserted against the defendant but which no evidence of intent to deceive was present), *with Nilssen*, 504 F.3d at 1230 (indicating that the withdrawn patents (via Statement of Non-Liability) was insufficient to remove jurisdiction over interrelated patents).
- 422 See, e.g., *Consol. Aluminum*, 910 F.2d at 809 (providing an example in which the court exercised its discretionary power to extend jurisdiction over patents not in suit).
- 423 See *Walker Process*, 382 U.S. at 177 (noting that, “[t]he far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope.”).
- 424 See *supra* notes 393-409 and accompanying text (expanding on why ex parte reexamination is the most viable).
- 425 See 35 U.S.C. § 304 (stating “[i]f . . . the Director finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for resolution of the question.”).
- 426 See *Patlex*, 758 F.2d at 602 (noting the Office’s ability to handle issues of patent ability through reexamination).
- 427 See *MPEP*, *supra* note 103, at 2212 (noting “35 U.S.C. 302 and 37 CFR 1.510(a) both indicate that ‘any person’ may file a request for reexamination of a patent. Accordingly, there are no persons who are excluded from being able to seek reexamination”).
- 428 See 35 U.S.C. § 302 (stating “[t]he request must be in writing and must be accompanied by payment of a reexamination fee established by the Director pursuant to the provisions of section 41 of this title”).
- 429 *Id.*
- 430 See 37 C.F.R. § 1.520 (2000) (declaring “[t]he Director, at any time during the period of enforceability of a patent, may determine whether or not a substantial new question of patentability is raised by patents or printed publications which have been discovered by the Director or which have been brought to the Director’s attention, even though no request for reexamination has been filed in accordance with § 1.510 or § 1.913”).
- 431 See 35 U.S.C. § 41(e) (stating waiver of fee rules for reexamination).
- 432 See *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 330 (1971) (extrapolating that the Constitutional imperative in enacting the patent system was “an affirmative policy choice by Congress to reward inventors” and that there is a “special public interest in sustaining ‘good’ [i.e. valid] patents”); see also *Benitec Austl., Ltd.* 495 F.3d at 1350 (Dyk, J., dissenting) (stating that “[t]here is a strong public interest in permitting accused infringers to challenge invalid or unenforceable patents”).
- 433 See *Biotechnology Indus. Org. v. District of Columbia*, 505 F.3d 1343, 1350-51 (Fed. Cir. 2007) (Dyk, J. dissenting) (discussing the economic underpinning of the U.S. patent system and noting that patent laws confer upon patent holders the right to exclude rather than the right to make, use, or sell). Per the court,
- A patent is a monopoly, and when anyone holds a monopoly that person has the ability or that company has the ability to charge the highest price because there is no one else in competition, and as a matter of public policy we, under the patent law, give that protection to the person who has put money into research and development for an innovative and new product.
- Id.* (quoting 130 CONG. REC. 24,427 (September 6, 1984) (statement of Rep. Waxman)).
- 434 See *CHISUM*, *supra* note 23, § 19.03[6][b] (describing invalid patents as those which, through fraud by the patentee, would never have been granted).
- 435 See 35 U.S.C. § 100, 101 (2012) (explaining what constitutes a novel patent).
- 436 See *Hieger v. Ford Motor Co.*, 516 F.2d 1324, 1327 (6th Cir. 1975) (stating “[i]t is now well recognized that an invalid patent is a blight on ‘the important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain,’ and should be expunged whenever the issue can be reached” (quoting *Lear, Inc. v. Adkins*, 395 U.S. 653, 670 (1969))).
- 437 See Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 Nw. U.L. REV. 1495, 1502-03 (2001) (explaining that the judicial process provides a check to the USPTO’s patent granting function).
- 438 See *Doernberg & Mushlin*, *supra* note 8 at 531-32 (expounding that “[a] declaratory judgment action is designed to permit a party to obtain an ‘authoritative judicial statement of the legal relationships,’ regardless of whether a coercive legal or equitable remedy is sought” (quoting *Notes: Federal Question Jurisdiction of Federal Courts and the Declaratory Judgment Act supra* note 23)).

Recent Developments in Information Technology Law

By David R. Syrowik, *Brooks Kushman PC*

PATENTS – Case Law – U.S. Court of Appeals

As reported at 86 BNA's PTCJ 1182, on October 7, 2013, the U.S. Court of Appeals for the Federal Circuit upheld Broadcom Corp.'s injunction preventing competitor Emulex Corp. from offering certain wireless data transceivers. As to the appropriateness of an injunction, the court distinguishes this case based on its market characteristics from the mobile phone market, where the court in 2012 refused to support an injunction sought by Apple. *Broadcom Corp. v. Emulex Corp.*

As reported at 86 BNA's PTCJ 1186, on October 3, 2013, the U.S. Court of Appeals for the Federal Court upheld an ITC determination that Motorola did not infringe Microsoft phone patents due to a menu design change. *Microsoft Corp. v. Int'l Trade Comm'n.*

As reported at 86 BNA's PTCJ 1280, on October 22, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that an algorithm relating to a means-plus-function claim that merely lists a number of relevant factors but fails to disclose how to weigh or calculate those factors to achieve a claimed result is indefinite, under 35 U.S.C. § 112. The court affirms the invalidation of all claims of a patent aimed at detecting and alerting drivers that become sleepy at the wheel. *Iborneith IP, LLC v. Mercedes-Benz USA, LLC.*

As reported at 86 BNA's PTCJ 839, on September 4, 2013, the U.S. Court of Appeals for the Federal Circuit ruled on rehearing, asserted dependent claim of patent directed to electronic commerce software system, as well as representative independent claim, is held invalid for obviousness over prior art pre-internet system for computer-based shopping. *Soverain Software LLC v. Newegg Inc.*

As reported at 86 BNA's PTCJ 886, on August 23, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that the *Apple v. Samsung* trial should not have been as open to the press as the district court was prepared to allow. The court determines that the lower court's order to seal only a small number of trial exhibits in the "smartphone patent war" between Apple and Samsung was an abuse of discretion. *Apple Inc. v. Samsung Elecs. Co.*

As reported at 86 BNA's PTCJ 743, on August 7, 2013, the U.S. Court of Appeals for the Federal Court ruled that Apple will get another chance to bar Motorola Droid and other smartphone model imports after the court overturns elements of an Inter-

national Trade Commission decision. The court faults the ITC in particular for an obviousness analysis that gave inadequate weight to the commercial success and copying of Apple's iPhone and iPad touchscreen interface. *Apple Inc. v. Int'l Trad eComm'n.*

As reported at 108 USPQ2d 1173, on September 5, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that claims directed to computer-implemented system for generating tasks to be performed by insurance organization do not offer "meaningful limitation" to abstract method claims of same patent, which have been held invalid under 35 U.S.C. § 101 as drawn to patent-ineligible subject matter, and system claims are therefore invalid as well. *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*

As reported at 107 USPQ2d 2082, on February 15, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that recitation of method for "verifying the accuracy of logical-to-physical mapping software" designed for testing memory devices, in preamble of claims in application, should be considered limitation rather than mere statement of intended purpose, since language refers to "essence of the invention". *In re Jasinski.*

As reported at 107 USPQ2d 1193, on June 21, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that asserted claim for method of monetizing and distributing copyrighted products over internet is meaningfully limited to something less than abstract idea that advertising can be used as form of currency, and thus is directed to patentable process. *Ultramercial Inc. v. Hulu LLC.*

COPYRIGHTS – Case Law – U.S. Court of Appeals

As reported at 86 BNA's PTCJ 623, on July 24, 2013, the U.S. Court of Appeals for the Ninth Circuit ruled that a federal district court did not abuse its discretion in finding that Fox TV was unlikely to succeed on its copyright infringement and breach of contract claims against Dish Network's program recording and ad-skipping services. The court emphasizes that because Fox has no copyright interest in the commercials, it cannot rest any infringement claim on ad-skipping services. *Fox Broad. Co. v. Dish Network, LLC.*

As reported at 86 BNA's PTCJ 573, on July 16, 2013, the U.S. Court of Appeals for the Second Circuit denies en banc review to a group of television networks claiming that Aereo Inc.'s

streaming television service constitutes copyright infringement. A split panel held in April that Aereo's service allowing subscribers to watch television programs online at nearly the same time as they are being broadcast did not constitute a public performance under *Cablevision. WNET v. Aereo*.

As reported at 86 BNA's PTCJ 505, on July 1, 2013, the U.S. Court of Appeals for the Second Circuit vacates the certification of a class of authors that have objected to Google Book Search's unauthorized mass scanning of libraries of books. The appeals court says that Google's fair use defense should be dealt with before a final determination on class status can be reached. *Authors Guild Inc. v. Google Inc.*

As reported at 86 BNA's PTCJ 445, on June 25, 2013, the U.S. Court of Appeals for the First Circuit ruled that a jury's \$675,000 damages award, which was well within the Copyright Act's statutory allowance, did not violate the due process rights of an individual who was found liable for willfully infringing 30 songs. *Sony BMG Music Entertainment v. Tenenbaum*.

As reported at 107 USPQ2d 1487, on July 17, 2013, the U.S. Court of Appeals for the Fourth Circuit ruled that plaintiff operator of online real estate multiple listing service properly registered its copyright interest in photographs in its database, even though plaintiff did not list names of creators and titles of individual photographs. *Metro Reg'l Inf. Sys. Inc. v. Am. Home Realty Network Inc.*

COPYRIGHTS/CRIMINAL – Case Law – U.S. Court of Appeals

As reported at 86 BNA's PTCJ 1115, on October 1, 2013, the U.S. Court of Appeals for the Ninth Circuit ruled that to convict a defendant of willful criminal copyright infringement, prosecutors must show that the defendant knew he was breaking the law. *United States v. Liu*.

TRADEMARKS – Case Law – U.S. Court of Appeals

As reported at 86 BNA's PTCJ 1192, on October 4, 2013, the U.S. Court of Appeals for the First Circuit held a defendant's contention, without supporting evidence, that eBay customers are less likely than ordinary customers to be confused about differences between authorized goods and gray market goods was not sufficient to stave off Bose Corp.'s entitlement to summary judgment on its trademark infringement claims based on the defendant's unauthorized sale of Bose equipment to Australians. *Bose Corp. v. Ejaz*.

As reported at 86 BNA's PTCJ 1028, on September 13, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that the

Trademark Trial and Appeal Board properly upheld a refusal to register terms incorporating the word "prasterone" for a website of offering information about prasterone. *In re Health Sci. Funding, LLC*.

As reported at 86 BNA's PTCJ 679, on July 16, 2013, the U.S. Court of Appeals for the Tenth Circuit ruled that the purchase of a competitor's trademark as a trigger for advertising through Google's AdWords program was unlikely to create confusion on the part of consumers and thus did not give rise to a claim of trademark infringement through initial interest confusion. *1-800 Contacts, Inc. v. Lens.com Inc.*

TRADE SECRETS/CRIMINAL – Case Law – U.S. Court of Appeals

As reported at 86 BNA's PTCJ 752, on August 1, 2013, the U.S. Court of Appeals for the Second Circuit ruled that evidence that software that a securities trader shared with a competitor was used internally by his employer to trade securities was sufficient to satisfy the interstate commerce element of the Economic Espionage Act. *United States v. Agrawal*.

RIGHT OF PUBLICITY – Case Law – U.S. Court of Appeals

As reported at 86 BNA's PTCJ 681, on July 31, 2013, the U.S. Court of Appeals for the Ninth Circuit declines to apply the *Rogers* test in finding that Electronic Arts NCAA Football video game series might offend a player's right of publicity under California law. *In re NCAA Student-Athlete Name & Likeness Licensing Litig.*

LANHAM ACT/FALSE ENDORSEMENT – Case Law – U.S. Court of Appeals

As reported at 86 BNA's PTCJ 680, on July 31, 2013, the U.S. Court of Appeals for the Ninth Circuit ruled that football player Jim Brown cannot sustain a false endorsement claim under the Lanham Act for the use of his likeness in *Madden NFL* video games, applying the *Rogers* test to determine whether the video game deserves First Amendment protection. *Brown v. Elec. Arts, Inc.*

PATENTS – Case Law – U.S. District Courts

As reported at 86 BNA's PTCJ 1185, on October 3, 2013, the U.S. District Court for the Northern District of Illinois ruled that patent assertion entity Innovatio IP Ventures, stands to win an award of 9.56 cents per infringing chip if it succeeds on the merits. The infringing chips are sold in laptops, tablets, servers, and similar end products. *In re Innovatio IP Ventures, LLC Patent Litig.*

COPYRIGHTS – Case Law – U.S. District Courts

As reported at 86 BNA's PTCJ 1271, on October 17, 2013, the U.S. District Court for the Northern District of California ruled that voiceover work for the popular *World of Warcraft* online video game was within the scope of employment of a game master and thus constituted works made for hire. *Lewis v. Activision Blizzard, Inc.*

As reported at 86 BNA's PTCJ 1272, on October 15, 2013, the U.S. District Court for the District of Idaho issued a broad TRO in a copyright suit over software designed to protect energy systems. *Battelle Energy Alliance, LLC v. Southfork Sec., Inc.*

As reported at 86 BNA's PTCJ 1062, on September 20, 2013, the U.S. District Court for the Southern District of Florida ruled that the operator of a file-hosting service was not eligible for safe harbor protection for infringing content posted by its users. Granting summary judgment on the safe harbor question, the court also concludes that the service was liable for vicarious copyright infringement for its users' acts. *Disney Enters., Inc. v. Hotfile Corp.*

As reported at 86 BNA's PTCJ 1064, on September 18, 2013, the U.S. District Court for the Southern District of New York ruled that whether the DMCA safe harbors apply to infringing content posted on Vimeo could not be answered on summary judgment when complicated by involvement of Vimeo's employees. *Capitol Records, LLC v. Vimeo, LLC.*

As reported at 86 BNA's PTCJ 1062, on September 20, 2013, the U.S. District Court for the Southern District of Florida ruled that Hotfile's failure to terminate users made it ineligible for DMCA safe harbor protection. *Disney Enters. Inc. v. Hotfile Corp.*

As reported at 86 BNA's PTCJ 1013, on September 17, 2013, the U.S. District Court for the Southern District of New York ruled that the country's largest performing rights organization must offer a "through-to-the-audience" license to an online music streaming service, even with respect to works whose copyright holders have withdrawn the authority to grant licenses to "new media" outlets. *United States v. Am. Soc'y of Composers, Authors, & Publishers.*

As reported at 86 BNA's PTCJ 1019, on September 10, 2013, the U.S. District Court for the District of Massachusetts ruled that a copyright holder who allegedly conceded that she knew a blogger's online post was not infringing when she sent the blogger's hosting company a Digital Millennium Copyright Act takedown notice might be liable for making a misrepresentation in a DMCA notice. *Tuteur v. Crosley-Corcoran.*

As reported at 86 BNA's PTCJ 926, on August 26, 2013, the U.S. District Court for the Northern District of Illinois ruled that Website's operators may be personally liable for site's copyright, trademark infringement. *Asher Worldwide Enters. LLC v. Housewaresonly.com Inc.*

As reported at 86 BNA's PTCJ 736, on July 30, 2013, a magistrate judge in the U.S. District Court for the District of Minnesota dealt a blow to claims that downloading, copying, distributing, and storing technical journal articles in association with disclosure of prior art to the Patent and Trademark Office constitute copyright infringement. *Am. Inst. of Physics v. Schweigman Lundberg & Woessner P.A.*

As reported at 86 BNA's PTCJ 577, on July 22, 2013, the U.S. District Court for the Northern District of California ruled that the hosting of allegedly infringing content on internet servers located in Russia cannot give rise to liability under U.S. copyright law. *Perfect 10 Inc. v. Yandex N.V.*

As reported at 86 BNA's PTCJ 578, on July 15, 2013, the U.S. District Court for the Southern District of Florida ruled that unauthorized use of copyrighted software code not fair use, results in preliminary injunction. *Eyepartner Inc. v. Kor Media Group L.L.C.*

As reported at 86 BNA's PTCJ 579, on July 12, 2013, the U.S. District Court for the Western District of New York ruled that software use following expiration of license constitutes breach, copyright infringement. *Clinical Insight Inc. v. Louisville Cardiology Medical Group PLC.*

As reported at 86 BNA's PTCJ 170, on June 25, 2013, the U.S. District Court for the Northern District of New York ruled that "fake hack" website copying service willfully infringed, liable for \$150K damages, fees. *Electronic Creations Corp. v. Gigahertz Inc.*

As reported at 86 BNA's PTCJ 511, on June 26, 2013, the U.S. District Court for the Northern District of California ruled that photographer fails to show that alleged infringement by Apple was linked to profits. *Thale v. Apple Inc.*

As reported at 86 BNA's PTCJ 388, on June 11, 2013, the U.S. District Court for the Eastern District of Michigan ruled that plaintiff photographer's claim against defendant online retailer for contributory infringement, based on defendant's sales of allegedly infringing copies of photograph, will not be dismissed, since selling infringing merchandise is material contribution to infringement, asserted defense alleging that defendant's website is "capable of substantial noninfringing uses" is inapplicable in present case. *Masck v. Sports Illustrated.*

As reported at 108 USPQ2d 1245, on June 27, 2013, the U.S. District Court for the Northern District of Florida ruled that defendant entertainment venue is granted summary judgment that it received implied nonexclusive license from plaintiff photographer to post copyrighted images on social networking Web site, since parties' agreements demonstrate that defendant requested plaintiff to "produce photographs" of defendant's events, since plaintiff took photographs and "delivered" them by giving

defendant access to online photo server, and since plaintiff never threatened to sue if images were not removed from site. *Davis v. Tampa Bay Arena, Ltd.*

As reported at 108 USPQ2d 1087, on July 9, 2013, the U.S. District Court for the Central District of California ruled that defendant's display of copyrighted photographs on internet, with offers to sell, violated plaintiff's exclusive rights to reproduce and distribute photographs, since defendant did not present evidence that photograph copies he sold were authorized, and thus first-sale doctrine is inapplicable, and since evidence shows that plaintiff did not unreasonably delay in asserting his rights, given that he believed defendant had gone out of business when defendant suspended his online business for several years; however, statutory damages will be limited to \$800, based on innocence of defendant's infringement. *Rosen v. Netfronts, Inc.*

As reported at 107 USPQ2d 1780, on May 24, 2013, the U.S. District Court for the Northern District of Illinois ruled that provider of Internet protocol television service has sufficiently stated claims for direct and contributory infringement of its distribution rights for television programs by alleging that primary infringer distributed copyrighted content and programming over Internet to subscribers via downloads from defendants' website to equipment provided by defendants, and by describing basis for each contributory infringer's knowledge of infringing activity, and their contributions to alleged infringement. *Intercom Ventures LLC v. FasTV Inc.*

As reported at 107 USPQ2d 1614, on May 3, 2013, the U.S. District Court for the Northern District of Ohio ruled that plaintiff alleging that 43 Doe defendants illegally reproduced and distributed copyrighted motion picture as participants in "BitTorrent swarm" is granted leave to conduct expedited discovery, from internet service providers, to identify and locate defendants. *Voltage Pictures LLC v. Does 1-43.*

TRADEMARKS – Case Law – U.S. District Courts

As reported at 86 BNA's PTCJ 1233, on October 8, 2013, the U.S. District Court for the Central District of California ruled that an online marketplace was secondarily liable for counterfeiting and trademark infringement claims resulting from transactions entered into by its users. Granting partial summary judgment in favor of several owners of luxury brand names, the court found no triable question on claims of contributory counterfeiting, contributory trademark infringement and unfair competition. *Chloe SAS v. Sawabeh Info. Servs. Co.*

As reported at 107 USPQ2d 2160, on May 9, 2013, the U.S. District Court for the Eastern District of Michigan ruled that two-pronged test that requires trademark owner to show either that title of expressive work has no artistic relevance to work, or

explicitly misleads as to source or content of work, is appropriate test to apply on defendants' motion to dismiss claim alleging that title of "Sins of a Solar Empire: Rebellion" computer game infringes plaintiffs' registered trademark for "Rebellion" video game development company; plaintiff has failed to meet this test, and claim is dismissed. *Rebellion Devs. Ltd. v. Star-Dock Entm't Inc.*

TRADEMARKS/TRADE DRESS – Case Law – U.S. District Courts

As reported at 86 BNA's PTCJ 894, on August 23, 2013, the U.S. District Court for the Eastern District of Louisiana ruled that allegations that a commercial website copied the stylistic choices of the plaintiff's widely recognized website were sufficient to state a claim of trade dress infringement, finding that a federal Lanham Act claim can be brought to protect the trade dress of a website, without the need for a registered trademark. *Express Lien Inc. v. Nat'l Ass'n of Credit Mgmt. Inc.*

PATENTS – U.S. Patent and Trademark Office

As reported at 108 USPQ2d 1198, on March 14, 2013, the Patent Trial and Appeal Board ruled that means-plus-function claim directed to computer system for updating user reviews of product, which recites "processor" that is programmed to "receive" and "store" reviews of asset, and to "generate an opinion timeline for the asset for the user," is unpatentable as indefinite. *Ex parte Smith.*

As reported at 107 USPQ2d 1963, on March 13, 2013, the Patent Trial and Appeal Board ruled that the term "processor adapted to" perform several steps, recited in claim directed to technique for identifying one or more objects from digital media content and comparing them to objects specified by machine readable identifier, is verbal construct devoid of structure that is used as substitute for term "means for"; limitation is unpatentable for indefiniteness, since specification does not disclose sequence of steps of particular algorithm required to meet definiteness requirement for structure corresponding to limitation for computer-implemented function. *Ex parte Erol.*

PATENTS – International Trade Commission (ITC)

As reported at 86 BNA's PTCJ 792, on August 6, 2013, the ITC announced that smartphones and tablets made by Samsung infringe valid Apple patents and an exclusion order barring imports of the devices is warranted. *Certain Electronic Digital Media Devices and Components Thereof.* ■

2014 Edward F. Langs Writing Award

Essay Competition Rules

1. Awards will be given to up to six student essays, which in the opinion of the judges make the most significant contribution to the knowledge and understanding of information technology law. Factors to be taken into consideration include: originality; timeliness of the subject; depth of research; accuracy; readability; and the potential for impact on the law.
2. Essay must be original, deemed to be of publishing quality, and must not have been submitted to any other contest within the previous 12 months.
3. Essay must be typed, double spaced, at least ten pages in length, must contain proper citations listed as either endnotes or footnotes, and must have left, right, top, and bottom margins of one inch.
4. Essay must include the submitter's name, email address, mailing address, telephone number, and school attended.
5. A total of up to \$3,000 in US dollars shall be divided between the award winning essays, and all rights to award winning essays shall become the property of the State Bar of Michigan.
6. The Information Technology Section of the State Bar of Michigan reserves the right to make editorial changes, and to publish award winning essays in the Section's newsletter, the *Michigan IT Lawyer*. (Previous issues of the *Michigan IT Lawyer* can be accessed at <http://www.michbar.org/it/newsletters.cfm>.)
7. Essay must be submitted as a Microsoft Word document, postmarked by June 30, 2014, and emailed to dsyrowik@brookskushman.com. ■



Information Technology Law Section, State Bar of Michigan Mission Statement

The purposes of the Section are to review, comment upon, and appraise members of the State Bar of Michigan and others of developments in the law relating to information technology, including:

- (a.) the protection of intellectual and other proprietary rights;
- (b.) sale, leasing, distribution, provision, and use of, hardware, software, services, and technology, including computer and data processing equipment, computer software and services, games and gaming, information processing, programming, and computer networks;
- (c.) electronic commerce
- (d.) electronic implementation of governmental and other non-commercial functions;
- (e.) the Internet and other networks; and
- (f.) associated contract and tort liabilities, and related civil and criminal legal consequences.

The Information Technology Law Section's bylaws can be viewed by accessing <http://www.michbar.org/it/councilinfo.cfm> and clicking the 'Bylaws' link.