

Do You Need Separate Reexamination Counsel?

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Reexamination commonly occurs in conjunction with litigation. In fact, historically, 32% of patents in *ex parte* reexamination and 68% of patents in *inter partes* reexamination have been the subject of litigation.¹ When reexamination and litigation are concurrent one should ask, “Should your reexamination counsel be the same as your litigation counsel?”

PATENT OWNERS

The question is usually more important for the patent owner. A patent owner during reexamination is subject to a duty of disclosure, much like a patent applicant during regular prosecution.² Complying with that duty of disclosure can be more complicated when there is a protective order in effect from the litigation. Such protective orders typically limit the use and disclosure of confidential information and often contain so-called “prosecution bars” that restrict the litigants’ attorneys from engaging in certain practices before the PTO.

Confidential Information

A patent owner’s duty of disclosure to the PTO and a protective order from a litigation can sometimes feel like a rock and a hard place when the patent owner has an

accused infringer’s confidential information and the patent owner believes that information is material to patentability in the reexamination. That can put the patent owner in the awkward position of having to decide which tribunal’s rules to violate.

The PTO has established procedures to submit confidential information under seal.³ However, those procedures were designed for the submission of the submitter’s own confidential information. The PTO does not guarantee that the information will remain inaccessible to the public. Indeed, if the confidential information is discussed on the record, then the PTO will make the information public. Submitters knowingly accept that risk when submitting their confidential information under seal.

The PTO’s procedures may not be adequate to safeguard the confidential information of another party, when one is obligated under a protective order not to disclose that information. In fact, attorneys have been sanctioned for violating a protective order where the reason given for the violation was the duty of disclosure to the PTO.⁴

A thorough protective order in any case in which reexamination is contemplated should address the possibility that the patent owner may be obligated to disclose to the PTO information that is confidential to another party in the litigation. From the patent owner’s perspective, a satisfactory protective order should permit disclosure to the PTO of all litigation materials that are subject to the duty of disclosure and specify the manner in which such disclosure can be made.

If a patent owner finds itself needing to disclose to the PTO information that the protective order arguably protects from such disclosure, then we recommend bringing the situation to the court’s attention and asking for relief from (or clarification of) the protective order. If the court does not permit the disclosure to the PTO, it seems highly unlikely that another court would later hold that the patent owner’s nondisclosure constituted inequitable conduct. It seems even less likely that the

PTO would have a disciplinary issue with the patent owner’s reexamination counsel in that circumstance.

Prosecution Bars

Another important issue for a protective order in a case in which reexamination may take place is the extent of a prosecution bar. Such bars may or may not encompass reexamination activities by the patent owner, even if not specifically called out. If a prosecution bar applies to the patent owner’s litigation counsel, it may be necessary to retain separate counsel for reexamination and to appropriately insulate reexamination counsel from confidential information from the litigation.

Where a protective order does not permit litigation counsel to participate in a reexamination, courts have been reluctant to modify the protective order in that respect.⁵ On the other hand, in the absence of an express prohibition against reexamination activities, some courts have refused to apply a prosecution bar so expansively.⁶ In a recent case, a district court was confronted with the issue whether to include in a protective order a prosecution bar that would expressly forbid the patent owner’s trial counsel from participating in reexamination.⁷ The court decided not to enter such a bar. The court distinguished reexamination from regular prosecution on the basis that claim amendments in reexamination cannot broaden the claims and must be supported by the patent’s disclosure. The court concluded that confidential information about the accused product was “basically irrelevant” to the reexamination, reasoning that the patent owner would “certainly seek to preserve the broadest reasonable reading of its claims on reexamination regardless of any insight gleaned from defendant’s confidential information.”⁸

PATENT CHALLENGERS

While concerns about separating reexamination and litigation counsel are most acute for patent owners, they can impact accused infringers too. Even though third-party requesters are not subject to the same duty of disclosure as patent owners in reexamination, a bilateral prosecution bar may apply to an accused infringer. In one case, a court refused to modify its protective order to permit the accused infringer’s litigation counsel

to participate in a reexamination of the patent in suit or even to advise its client about reexamination.⁹

WAIVER OF PRIVILEGES

A leading paper about the interplay of reexamination and litigation poses the question, "Is there a waiver of privilege when a PTO submission, prosecution event, or meeting uses litigation work product or reveals trial strategy?"¹⁰ One strategy for eliminating this risk is to enter into a discovery stipulation that acknowledges that such a disclosure of work product regarding validity or invalidity to the PTO as part of a reexamination proceeding shall not constitute a waiver of privilege or other immunity. Another way to minimize the risk of waiver is to have reexamination counsel separate and appropriately insulated from litigation counsel.

REEXAMINATION EXPERTISE & THE NEED FOR COORDINATION

Of course, the question whether to use litigation counsel as reexamination counsel arises only if the litigation counsel could also act as reexamination counsel. Because reexamination is a proceeding in the PTO, only registered patent attorneys may represent clients in a reexamination. Not all patent litigation counsel can do so. Moreover, litigation counsel may not have the experience and expertise to act competently as reexamination counsel. As one popular reexamination website warns, "Many pitfalls await the unwary."¹¹ Examples include shortened response periods, no extensions of time as a right, and consequences of claim amendments, to name just a few. Indeed, reexamination only slightly resembles regular patent prosecution. That is especially true for *inter partes* reexamination.

Thus, the question is not always whether litigation counsel should handle the reexamination. Sometimes reexamination specialist counsel will need to be brought in. Then the question becomes whether and to what extent litigation counsel and reexamination counsel should coordinate. In one recent case, a patent owner was found to have taken inconsistent claim interpretation/construction positions in court and at the PTO.¹² As one can imagine, such inconsistencies can be challenging to harmonize, and the patent owner was unable

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to extricate itself in that case. Situations like that illustrate the importance of reexamination and litigation counsel working together in a coordinated and consistent fashion toward a jointly defined goal.

CONCLUSION

In an ideal world, your team would have the right mix of talents to competently handle all aspects of concurrent litigation and reexamination, and reexamination and litigation counsel, if different, would be able to work together and share information fully without risk of violating rules of the court, the PTO, or professional responsibility. However, reality is seldom that clean and simple. Some cases require separate litigation and reexamination counsel, and sometimes difficult choices must be made about whether and how the two counsel work together.

ENDNOTES

1. U.S.P.T.O., *Ex Parte* Reexamination Filing Data (Sept. 30, 2010), available at http://www.uspto.gov/patents/stats/EP_quarterly_report_Sept_30_2010.pdf; U.S.P.T.O., *Inter Partes* Reexamination Filing Data (Sept. 30, 2010), available at http://www.uspto.gov/patents/stats/IP_quarterly_report_Sept_30_2010.pdf.
2. 37 C.F.R. §§ 1.555, 1.933.
3. MPEP §§ 724.02 -724.06.
4. *E.g., Telecomm. Sys., Inc. v. Mobile 365, Inc.*, No. 3:06CV485, 2009 U.S. Dist. LEXIS 126761 (E.D. Va. Mar. 31, 2009) (sanctioning patent owner's reexamination attorney for disclosing defendant's confidential information in an IDS; rejecting argument that duty of disclosure overrides protective order).
5. *Visto Corp. v. Seven Networks, Inc.*, No. 2:03-CV-333-TJW, 2006 U.S. Dist. LEXIS 91453 (E.D. Tex. Dec. 19, 2006) (sanctioning patent owner because one of its outside counsel who received "attorneys eyes only" information pro-

duced continuation application and participated in reexamination for asserted patent); *Grayzel v. St. Jude Med., Inc.*, 162 F. App'x 954, 966 (Fed. Cir. 2005) (nonprecedential) (affirming injunction against inventor from participating in reexamination); *MercExchange, L.L.C. v. eBay, Inc.*, 467 F. Supp. 2d 608, 621-22 (E.D. Va. 2006) (enjoining patent owner's experts from participating in reexamination).

6. *E.g., Pall Corp. v. Entegris, Inc.*, 655 F. Supp. 2d 169, 173 (E.D.N.Y. 2008); *Kenexa Brassring Inc. v. Taleo Corp.*, No. 07-521-SLR, 2009 U.S. Dist. LEXIS 12002, at *4 (D. Del. Feb. 18, 2009); *Hochstein v. Microsoft Corp.*, No. 04-73071, 2008 U.S. Dist. LEXIS 72750, at *10-11 (E.D. Mich. Sept. 24, 2008).
7. *Xerox Corp. v. Google, Inc.*, No. 10-136 (D. Del. Sept. 8, 2010).
8. *Id.*, slip op. at 7.
9. *Silicon Graphics, Inc. v. ATI Techs., Inc.*, No. 06-C-611-C, 2007 U.S. Dist. LEXIS 57960 (W.D. Wis. Aug. 8, 2007).
10. Robert G. Sterne et al., *Reexamination Practice with Concurrent District Court Litigation or Section 337 USITC Investigations*, 10 Sedona Conf. J. 115, 148 (Fall 2009).
11. The Reexamination Center, <http://reexamcenter.com/> (last viewed Dec. 6, 2010).
12. *Beneficial Innovations, Inc. v. Blockdot, Inc.*, No. 2:07-cv-263 (E.D. Tex. Oct. 27, 2010); see also Scott A. McKeown, Texas Court Frowns Upon Patent Reexamination Gamesmanship, Patents Post Grant Blog (Nov. 1, 2010), available at <http://www.patentspostgrant.com/lang/en/2010/11/judge-ward-frowns-upon-patent-reexamination-gamesmanship> (commenting on the same).