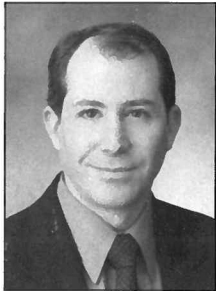


Patent Reexamination and Willful Infringement

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Two common events in patent litigation are reexamination of the asserted patent(s) and allegations of willful infringement. This article discusses the interplay between those two aspects of an infringement case, particularly the effect of reexamination on willfulness issues.

WILLFUL INFRINGEMENT

To establish willful infringement, a patent owner must show by clear and convincing evidence that (1) "the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent" and (2) the infringer knew or should have known of that risk.¹ The first prong is an objective inquiry, while the second is subjective.

A finding of willful infringement typically establishes that the case is "exceptional" under 35 U.S.C. § 285 and can entitle the patent owner to enhancement of damages (up to three times) and recovery of its attorney fees from the infringer.²

EFFECT OF REEXAMINATION

The existence of a reexamination proceeding generally militates against a finding of willfulness. That is so because a reexamination is conducted only if there is a substantial new question of patentability, and a substantial question of patentability is contrary to an objectively

defined risk of infringing a valid patent under the first prong of the willfulness inquiry.

As a result, an accused infringer may request reexamination of the asserted patent to protect itself from a charge of willful infringement. Whether such a tactic is successful seems to depend mainly on the stage of the reexamination and its results.

Grant of Reexamination Request

The mere granting of a request for reexamination – while a factor weighing against willfulness – is just one factor; it is not dispositive. It is well recognized that a very high percentage (well over 90%) of reexamination requests are granted but that a reexamination possibly could confirm all claims as is. It is not surprising then that the Federal Circuit has said that "the grant by the examiner of a request for reexamination is not probative of unpatentability."³ Based on that rationale, courts have rejected attempts by accused infringers to defeat a willfulness charge based on a grant of a reexamination request alone.⁴

Interim Reexamination Results

Accused infringers may fare better against a willfulness accusation if the asserted claims have been rejected in reexamination. In one case, the court granted summary judgment of no willful infringement when the claims stood non-finally rejected in reexamination.⁵ Other cases, however, have refused to relieve the infringer from willfulness based on rejections in reexamination.⁶

Final Reexamination Results

When the reexamination has concluded, it can have the most effect on willfulness. In other words, the outcome of a reexamination – rather than its mere existence or interim results – is the most influential part affecting a willfulness determination. If the claims were amended in the reexamination, then the accused infringer may be able to obtain

judgment as a matter of law that it has not willfully infringed.⁷

However, when the patent survives the reexamination unamended, the patent owner's case for willfulness may be strengthened. Several cases have permitted amendment of the complaint to add counts for willful infringement after a patent survives reexamination unscathed.⁸ Other cases have granted summary judgment of willfulness after the patent has survived reexamination without change.⁹

TIMING

The case law is far from clear regarding the timing of a reexamination relative to the period of potential willful infringement. When considering a reexamination in a willfulness determination, most courts look at the status of the reexamination at the time of the willfulness determination, rather than at the time of the infringer's conduct. That approach is consistent with the first, objective prong of the willfulness inquiry.

In some cases, however, courts have given different effect to the reexamination for different periods of time of potential willful behavior. The genesis of this approach appears to be a cryptic statement in *Lucent v. Gateway*, where the court said, after holding that the mere grant of a reexamination request does not by itself shield an infringer from a finding of willfulness, "It does appear that a reexamination order may be taken as dispositive with respect to post-filing conduct."¹⁰ That way of thinking seems to be based on the second, subjective prong of the willfulness inquiry; however, it has been criticized¹¹ and seems not to be the prevalent approach.

STRATEGIC CONSIDERATIONS

Prior to *Seagate*, an opinion of counsel was the only reliable defense against willfulness. Post-*Seagate*, opinions are less critical but still useful protections against willfulness allegations. As discussed above, a reexamination can also sometimes protect against willfulness allegations. Of course, the basis for an exculpatory opinion may be noninfringement or any infringement defense, including all invalidity defenses, whereas

reexamination can only be requested based on printed-publication prior art. Thus, in many cases, a reexamination simply cannot be used as an alternative or adjunct to an opinion for protection against willfulness charges.

When a basis for an opinion is invalidity based on prior-art printed publications, is it advisable to seek reexamination rather than or in addition to an opinion of counsel? An opinion is usually preferred because a well-reasoned opinion, even if ultimately wrong, can defeat a willfulness charge. Whether a reexamination helps or hinders in the battle against willfulness typically depends on its results, or perhaps its interim results at the time of the willfulness determination, as discussed above. If the reexamination is strong enough to force amendment of the claims, then it should bolster the defense against willfulness. However, if the reexamination fails and the patent survives without amendment, the reexamination may backfire and assist the patent owner's attempt to show willfulness. Thus, reexamination is a riskier anti-willfulness tactic than relying on an opinion.

That said, there are many good reasons to employ reexamination as part of a strategy to defend a patent infringement case, and willfulness is only one consideration that should not control the decision whether to seek reexamination of the asserted patent(s). Reexamination can often give a defendant the best chance of invalidating a patent, can facilitate a stay of litigation, can cut off past damages, can bolster other defenses, etc. The decision to pursue reexamination as part of a defense strategy is case-specific and based on many factors. If willfulness is or may be pled in the complaint, that too should be taken into consideration. **IP**

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ENDNOTES

1. *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc).
2. *Id.* at 1368.
3. *Hoechst Celanese Corp. v. BP Chems. Ltd.*, 78 F.3d 1575, 1584 (Fed. Cir. 1996).
4. *Lucent Techs., Inc. v. Gateway, Inc.*, No. 07-CV-2000-H (CAB), 2007 U.S. Dist. LEXIS 95934, at *18-19 (S.D. Cal. Oct. 30, 2007); *Safoco, Inc. v. Cameron Int'l Corp.*, No. H-05-0739, 2009 U.S. Dist. LEXIS 66187, at *73-74 (S.D. Tex. July 31, 2009); *Krippelz v. Ford Motor Co.*, 670 F. Supp. 2d 815, 823 (N.D. Ill. 2009).
5. *Pivonka v. Cent. Garden & Pet Co.*, No. 02-cv-02394-RPM, 2008 U.S. Dist. LEXIS 12022, at *6 (D. Colo. Feb. 19, 2008) (accused infringer had also obtained an opinion of counsel).
6. *Affinity Labs of Tex., LLC v. BMW N. Am., LLC*, No. 9:08CV164, 2011 U.S. Dist. LEXIS 33248, at *28 (E.D. Tex. Mar. 28, 2011).
7. *Plumley v. Mockett*, No. CV 04-2868-GHK, 2010 U.S. Dist. LEXIS 57254, at *44-47 (C.D. Cal. May 26, 2010) (summary judgment of no willfulness); *TGIP, Inc. v. AT & T Corp.*, 527 F. Supp. 2d 561, 579 (E.D. Tex. 2007) (judgment as a matter of law overturning jury verdict).
8. *St. Clair Intellectual Prop. Consultants, Inc. v. Matsushita Elec. Indus. Co.*, No. 04-1436-JFF-LPS, 2009 U.S. Dist. LEXIS 49882, at *6-8 (D. Del. June 10, 2009); *Ultratech Int'l, Inc. v. Swimways Corp.*, No. 3:05-cv-134-J-25MCR, 2009 U.S. Dist. LEXIS 80997, at *8-9 (M.D. Fla. Mar. 3, 2009).
9. *Krippelz v. Ford Motor Co.*, 675 F. Supp. 2d 881, 893-95 (N.D. Ill. 2009).
10. *Lucent Techs.*, 2007 U.S. Dist. LEXIS 95934, at *18.
11. *Safoco*, 2009 U.S. Dist. LEXIS 66187, at *74-75.