

# The Presumption of Validity After Reexamination or Reissue

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The presumption of validity codified at 35 U.S.C. § 282 has been a mainstay of patent law for many years. Presently, only clear and convincing evidence can overcome that presumption. That is true whether or not the basis for invalidity has been considered by the PTO. However, the presumption is stronger when the PTO has considered – and decided against – the same validity challenge a litigant later raises in court. Thus, there is a different strength of presumption when a prior-art-based validity attack is based on so-called “new” art, as compared to “old” art. Moreover, there is a movement to replace the clear and convincing evidentiary standard with the lower preponderance standard for validity attacks based on new art and to reserve the clear and convincing evidentiary standard for only those validity attacks based on old art.

This article discusses the interplay between the presumption of validity – as it is now or as it may be altered – and post-grant proceedings such as reexamination and reissue.

## STRENGTHENING THE PRESUMPTION BY REISSUE OR REEXAMINATION

The fact that a reference has been considered by the PTO strengthens the presumption that the patent’s claims are valid

over that reference. That is true whether the PTO’s consideration of the reference was during original prosecution, reexamination or reissue. The strengthened presumption of validity is “especially difficult” to overcome.<sup>1</sup> In one case, the Federal Circuit chastised a district court for “paying lip service” to this strengthened presumption of validity:

Nor did the district court give any credence to the PTO reexamination proceeding, which upheld the validity of claims 1 and 6 despite the presence of much the same art as was presented before the district court. . . . [A]n examiner’s decision on an original or reissue application is evidence the court must consider in determining whether the party asserting invalidity has met its statutory burden by clear and convincing evidence, and that, upon reissue, the burden of proving invalidity was made heavier.<sup>[2]</sup>

Courts have struggled to determine “[t]he precise nature of this added burden” and have concluded that “clear and convincing evidence” remains “the applicable standard for the challenging party to prove invalidity.”<sup>3</sup> Other courts have reasoned that the presumption of validity is procedural, not substantive, and therefore not strengthened by reexamination or reissue.<sup>4</sup> Given this ambiguity in the case law, it is unclear whether a patent owner could get a jury instruction that explicitly acknowledges the strengthened presumption of validity. None of the model patent jury instructions of which we are aware contain such an instruction.

As a practical matter, how much stronger is this strengthened presumption of validity? An article published in 2006 reported that only a handful of cases have ever overcome this heightened presumption of validity.<sup>5</sup>

The dynamic nature of the presumption of validity is one reason why patent owners may wish to have troublesome later-discovered prior art considered by the PTO by preemptively filing an *ex parte* reexamina-

tion request or a reissue application. If the patent survives reexamination or reissue, it will probably be “gold-plated” with a shimmering, strengthened presumption of validity.

This effect should also caution a patent challenger considering reexamination. An unsuccessful reexamination, even an *ex parte* reexamination for which there is no estoppel as a matter of law, can backfire by resulting in a patent that is more difficult to invalidate in litigation. For this reason, many say there is no practical difference between the legal estoppel of *inter partes* reexamination and the uncodified, practical estoppel-like consequences of *ex parte* reexamination.

In fact, the heightened presumption of validity and its estoppel-like consequences may also compromise the ability of a litigant to raise invalidity defenses different from ones the litigant raised in an unsuccessful reexamination. In such cases, the patent owner can tell the jury that the challenger has tried and failed to invalidate the patent in reexamination, and that message, although oversimplified, can have an effect on a jury. The closer the court validity challenge is to the patentability issue in reexamination, the more appeal that simple theme can have. For example, if the reexamination concerned printed publications describing a prior art device, then a court challenge based on the prior art device *per se* (not strictly its documentation) can be compromised, even though the documentation may not have disclosed all of the relevant attributes of the device that are apparent from the physical specimen.

## WEAKENING THE PRESUMPTION OF VALIDITY

### Using Reexamination to Weaken the Presumption


While a patent owner may try to proactively use reexamination or reissue to strengthen the presumption of validity, as discussed above, some challengers have tried to use reexamination to weaken the presumption. This scenario plays out when there is concurrent litigation and reexamination. Interim results from the reexamination are generally not admissible as evidence in the litigation – either to cast doubt on the patent or to bolster the patent.<sup>6</sup> While courts generally exclude interim reexamination results, at least one district

court has prohibited the patent owner from making any reference to the presumption of validity when the patent is under reexamination.<sup>7</sup> Other courts, however, have refused to do the same, ruling that a pending reexamination does not “weaken or destroy the presumption of the patent’s validity.”<sup>8</sup>

### Lowering the Evidentiary Burden for Prior Art Not Considered by the PTO

Some have recently urged that the clear and convincing evidentiary burden to invalidate a patent should be reserved for only those cases in which the PTO has already considered the invalidity challenge – that is, cases in which there is presently a strengthened or heightened presumption. For all other challenges, according to this proposal, the non-heightened presumption of validity should be surmountable by merely a preponderance of the evidence.

Microsoft has most recently made this argument in a *certiorari* petition to the Supreme Court in *Microsoft v. i4i*, a case in which Microsoft suffered a judgment of over \$290 million.<sup>9</sup> The petition points out that the clear-and-convincing evidentiary standard was created by the Federal Circuit after all of the regional circuits had refused to do so.<sup>10</sup> The petition also makes a policy argument that too high an evidentiary burden distorts the patent system by making it too difficult to weed out undeserving patents and therefore hinders, rather than promotes, technological progress, especially given the PTO’s present underfunded and overburdened state.<sup>11</sup> Finally, the petition emphasizes the Supreme Court’s footnote in *KSR v. Teleflex* noting that the presumption “seems much diminished” when the PTO has not considered the validity challenge.<sup>12</sup>

If the Supreme Court ultimately adopts Microsoft’s proposal, it will be even more valuable to patent owners to have the PTO consider all prior art on which a challenger may base a validity attack. In other words, patent owners will want to move prior art of concern from the new category to the old category. The motivation for doing so is that the difference between the heightened and non-heightened presumptions of validity will become more pronounced. As a result, patent owners may increasingly turn to reexamination and reissue as tools to recover lost strength in the presumption of validity by giving the PTO an opportunity to consider prior art of concern. 

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### ENDNOTES

1. *Sanofi-Synthelabo v. Apotex, Inc.*, 470 F.3d 1368, 1375 (Fed. Cir. 2006) (internal quotation marks and citation omitted); see also *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360 (Fed. Cir. 1984) (“Deference is due the Patent and Trademark Office decision to issue the patent with respect to evidence bearing on validity which it considered . . . .”).
2. *Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 961 (Fed. Cir. 1986) (internal quotation marks and citations omitted); see also *Echostar Techs. Corp. v. TiVo, Inc.*, No. 5:05 CV 81 DF, 2006 WL 2501494, at \*4 (E.D. Tex. July 14, 2006) (noting same in context of *inter partes* reexamination); *eSoft, Inc. v. Blue Coat Sys., Inc.*, 505 F. Supp. 2d 784, 786 (D. Colo. 2007) (same).
3. *Varian Semiconductor Equip. Assocs., Inc. v. Axcelsis Techs., Inc.*, No. 08-CV-10676, 2009 U.S. Dist. LEXIS 6067, at \*12 n.4 (D. Mass. Jan. 21, 2009) (internal quotation marks and citation omitted).
4. *T.J. Smith & Nephew, Ltd. v. Consol. Med. Equip., Inc.*, 821 F.2d 646, 648 (Fed. Cir. 1987).
5. J. Michael Buchanan, *Deference Overcome: Courts’ Invalidation of Patent Claims as Anticipated by Art Considered by the PTO*, 2006 Stan. Tech. L. Rev. 2, ¶¶ 41-78 (2006) (counting only six cases from 1989 to 1996 in which courts found claims anticipated over prior art that had been considered by PTO). *But cf. Media Techs. Licensing, LLC v. Upper Deck Co.*, 596 F.3d 1334 (Fed. Cir. 2010) (affirming summary judgment of anticipation of claims that had been confirmed in reexamination).
6. *Callaway Golf Co. v. Acushnet Co.*, 576 F.3d 1331, 1342-43 (Fed. Cir. 2009).
7. *Presidio Components Inc. v. Am. Tech. Ceramics Corp.*, No. 08-CV-335-IEG (NLS), 2009 U.S. Dist. LEXIS 106795 (S.D. Cal. Nov. 13, 2009).
8. *Price v. Code-Alarm, Inc.*, 26 U.S.P.Q.2d 1616, at \*8 (N.D. Ill. 1992) (internal quotation marks and citation omitted); see also *SRI Int’l Inc. v. Internet Sec. Sys., Inc.*, 647 F. Supp. 2d 323, 355-56 (D. Del. 2009) (refusing to adjust evidentiary standard to preponderance of evidence).
9. Petition for Writ of Certiorari, *Microsoft Corp. v. i4i Ltd. P’ship*, No. 10-290 (U.S. Aug. 27, 2010); see also Petition for Writ of Certiorari, *Microsoft Corp. v. z4 Techs., Inc.*, No. 07-1243 (U.S. Mar. 31, 2008).
10. Petition for Writ of Certiorari at 15-18, *Microsoft v. i4i*.
11. *Id.* at 19-22.
12. *Id.* at 2.