

Reexamination and Injunctive Relief

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Reexamination and litigation interact in many ways. One aspect of that interaction concerns injunctions – both preliminary and permanent. This article explores that topic.

PRELIMINARY INJUNCTIONS

The status of a reexamination can affect whether the patent owner is entitled to a preliminary injunction. Accordingly, an accused infringer worried about the specter of a preliminary injunction may want to employ reexamination as a tool to fend off a preliminary injunction.

Using a Reexamination to Avoid a Preliminary Injunction

A number of district courts have held that the PTO's rejection of asserted claims during reexamination raises a substantial question of validity so as to preclude a preliminary injunction.¹ In fact, some courts have observed that they could find no cases granting a preliminary injunction when the asserted claims stood rejected in a reexamination.²

What is less clear, however, is whether a granted reexamination request by itself, before a rejection of the claims, is sufficient to defeat a motion for a preliminary injunction.

On one hand, the standard to defeat a preliminary injunction based on a validity challenge – to raise a "substantial question of validity" – is linguistically similar to the standard for grant of a reexamination request – to raise a "substantial new question of patentability." The Federal Circuit has noted the similarity.³

On the other hand, patent owners have argued that allowing the mere existence of a reexamination to avoid a preliminary injunction would encourage defendants to file reexamination requests in every case where a preliminary injunction is threatened. Waiting for a rejection in the reexamination answers that concern.⁴

Some district courts have declined to give weight to a grant of a reexamination request in a preliminary injunction determination.⁵ Other courts have taken a middle-of-the-road view that "while the grant of a motion for reexamination is not conclusive as to the issue of validity, it is probative to the issue of whether defendants have raised a substantial question of validity."⁶ A recent example of that approach occurred in the Southern District of Florida, where the court denied the patent owner's motion for a preliminary injunction after the PTO had ordered reexamination of the patent.⁷ The court acknowledged the PTO's reexamination grant and then independently assessed the prior art references to reach essentially the same conclusion.

Whether wishing to rely on a granted request *per se* or a subsequent Office action in reexamination, it may be a challenge for a defendant sued without prior notice and facing a preliminary injunction motion to get a decision from the PTO in time to be of use against the motion. Searching for prior art and preparing a quality request for reexamination take time, and the PTO may take the full three months permitted by the statute to issue a decision on the request. To make matters worse, the PTO has become increasingly picky about the content of a reexamination request, and it has become easier to make an error that causes a request to be denied a filing date, thus requiring refiling and further delaying the PTO's decision.

Even if the PTO does not make a decision on the request in time to be of use

against the preliminary injunction motion, a later granting of the request may provide grounds for moving to lift the injunction. Alternatively, the defendant might *ex ante* ask the court to delay deciding the motion – or to revisit the propriety of a preliminary injunction if the court decides to impose one – until the PTO has made a decision on the reexamination request or issues an Office action.

Preliminary Injunctions and Stays of Litigation Pending Reexamination

Another way a preliminary injunction can affect a case with parallel reexamination is in the analysis whether to stay the case pending the outcome of the reexamination. One of the factors courts commonly consider when deciding a stay motion is whether and to what extent the non-moving party (typically the patent owner) will be prejudiced by the stay.

The form of prejudice that seems to carry the most weight is competitive disadvantage in the marketplace while the accused infringement continues. That form of prejudice is most prominent when "[t]he parties are direct competitors in the market and a denial of timely enforcement of the plaintiff's patent rights does indeed unduly prejudice the plaintiff."⁸

Must the competitive disadvantage be such that a preliminary injunction is needed? Courts sometimes cite a patent owner's failure to seek injunctive relief as an indicator that monetary damages will be sufficient to remedy any infringement during the stay and thus a factor in finding that a stay would not be unduly prejudicial to the patent owner.⁹

PERMANENT INJUNCTIONS

A putative or adjudged infringer may argue that a concurrent reexamination proceeding is reason to deny or to dissolve a permanent injunction. Such an argument recently succeeded in *Flexiteek Americas, Inc. v. PlasTEAK, Inc.*¹⁰ In that case, the defendant PlasTEAK was found to infringe, and the court entered a permanent injunction. However, because there was an ongoing reexamination of the patent in suit, the terms of the injunction left open an opportunity for PlasTEAK to petition to terminate the injunction if the PTO canceled the patent. Meanwhile, the reexamination advanced to a final rejection and then an advisory action maintaining the final rejection. At that point, PlasTEAK moved to terminate the injunction, and

the court granted that motion, noting that “the Court’s Permanent Injunction [was] based on a patent which has been declared invalid.”¹¹

SynQor, Inc. v. Artesyn Technologies, Inc. is another recent case that came out the other way.¹² Of the many patents at issue in that case, reexamination had been ordered for each patent, and the asserted claims of some had been rejected while the others had not yet received an Office action. The court reasoned “that such preliminary and insignificant steps in the reexamination process do not warrant a stay of the injunction.”¹³ **IP**

ITC EXCLUSION ORDERS

While it may be possible for an accused or adjudged infringer to avoid a court’s injunction based on a reexamination, the same should not be expected at the International Trade Commission (ITC). The ITC is empowered to grant injunctive relief in the form of exclusion orders to prohibit the importation of infringing articles. In one recent case, the ITC issued an exclusion order even though the patent at issue was in reexamination. The ITC reasoned that “it would be premature to give dispositive weight” to a reexamination that was still in process.¹⁴ The Federal Circuit affirmed

and went a step further to hold that the ITC need not consider a pending reexamination at all when deciding whether to issue an exclusion order.¹⁵

ENDNOTES

1. *E.g., Ohio Willow Wood Co. v. Alps S. Corp.*, No. 2:05-cv-1039, 2009 WL 2898810 (S.D. Ohio Sept. 8, 2009) (collecting cases).
2. *Avery Dennison Corp. v. Alien Tech. Corp.*, 626 F. Supp. 2d 693, 703 (N.D. Ohio 2009); *Power Integrations, Inc. v. BCD Semiconductor Corp.*, No. 07-633-JJF-LPS, 2008 WL 5069784, at *8 (D. Del. Nov. 19, 2008).
3. *Cf. Standard Havens Prods., Inc. v. Gencor Indus., Inc.*, 897 F.2d 511, 514 (Fed. Cir. 1990) (relying in part on reexamination as evidence that substantial question of validity existed); *Procter & Gamble Co. v. Kraft Foods Global, Inc.*, 549 F.3d 842 (Fed. Cir. 2008) (remanding with instructions for district court to consider whether preliminary injunction should issue in light of reexamination filed by accused infringer); *Automated Merchandising Sys. v. Crame Co.*, 357 Fed. App’x 297, 302-03 (Fed. Cir. 2009) (nonprecedential) (vacating preliminary injunction where patent was under reexamination).
4. *Ohio Willow Wood*, 2009 WL 2898810, at *3; *Avery Dennison*, 2009 WL 773825, at *8; *Power Integrations*, 2008 WL 5069784, at *9.
5. *Fiber Sys. Int’l, Inc. v. Applied Optical Sys., Inc.*, No. 2:06-CV-473, 2008 WL 906330, at *3 (E.D. Tex. Mar. 31, 2008).
6. *Pergo, Inc. v. Faus Group, Inc.*, 401 F. Supp. 2d 515, 524 (E.D.N.C. 2005).
7. *Fusilamp, LLC v. Littlefuse, Inc.*, No. 10-20528-CIV (S.D. Fla. Aug. 31, 2010); see also Reexamination Alert™ blog at <http://www.whda.com/blog/2010/09/preliminary-injunction-denied-because-of-reexamination-grant/> (reporting the same).
8. *O2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co.*, No. 2-04-CV-32 (TJW), 2008 U.S. Dist. LEXIS 87352, at *7 (E.D. Tex. Oct. 29, 2008).
9. See, e.g., *Broad. Innovation, LLC v. Charter Commc’ns, Inc.*, No. 03-CV-2223, 2006 WL 1897165, at *10-11 (D. Colo. July 11, 2006); *Insituform Techs., Inc. v. Liqui-Force Svcs. (USA), Inc.*, No. 08-11916, 2009 WL 1469660, at *2 (E.D. Mich. May 26, 2009).
10. No. 08-60996-civ, 2010 U.S. Dist. LEXIS 90181 (S.D. Fla. July 20, 2010); see also Patents Post Grant Blog at <http://www.patentspostgrant.com/lang/en/2010/07/patent-reexamination-as-a-form-of-damage-control> (reporting the same).
11. *Flexiteek Am., Inc. v. PlasTEAK, Inc.*, U.S. Dist. LEXIS 90181, at *19 see also *Celsis in Vitro, Inc. v. CellsDirect, Inc.*, No. 1:10-cv-004053 (N.D. Ill. Feb. 7, 2011) (relaxing preliminary injunction due to rejection in reexamination).
12. No. 2:07-CV-497-TWJ-CE, 2011 U.S. Dist. LEXIS 6439 (E.D. Tex. Jan. 24, 2011); see also Reexamination Alert™ blog at <http://www.whda.com/blog/2011/01/judge-ward-refuses-to-stay-permanent-injunction-despite-pending-reexaminations/> (reporting the same).
13. *SynQor, Inc. v. Artesyn Techs., Inc.*, 2011 U.S. Dist. LEXIS 6439, at *33.
14. *Spansion, Inc. v. Int’l Trade Comm’n*, Nos. 2009-1460, -1461, -1462, -1465, slip op. at 48 (Fed. Cir. Dec. 21, 2010).
15. *Id.*

Nixon Peabody Reaches Favorable Conclusion for LaserMax in Patent Infringement Litigation

LaserMax announced a highly conclusion of the patent infringement litigation initiated by Crimson Trace against three of LaserMax’s product lines in Portland, Oregon, in January 2009. Last week, the Court ordered Crimson Trace to pay LaserMax \$10,000 in sanctions, and ordered public disclosure of the following settlement terms: There was no finding of liability on the part of LaserMax; LaserMax pays no money to Crimson Trace; Crimson Trace grants LaserMax irrevocable, royalty-free licenses for each of the three remaining patents in the lawsuit.

Prior to the settlement, LaserMax caused Crimson Trace to withdraw one of its principal patents from the lawsuit and to grant LaserMax an unconditional covenant not to sue under that patent. In addition, LaserMax contested the validity of another Crimson Trace patent in a proceeding before the U.S. Patent Office, rendering that patent unenforceable and dedicated to the public.

LaserMax CEO Susan Houde-Walter said, “We are pleased that this case has been resolved on terms that totally vindicate LaserMax and our reputation for innovation and fair play. With excellent representation from our counsel at Nixon Peabody, we succeeded in rebuffing all claims against us, as well as obtaining sanctions against Crimson Trace.”

Richard D. Rochford, lead trial counsel at Nixon Peabody LLP, commented “the nature and timing of this lawsuit was intended to inflict damage to LaserMax’s outstanding reputation and its ability to conduct business. We really enjoy helping our clients like LaserMax stand up to such attacks and prevail in the end.”

LaserMax continues to bring innovative products to market at a fair price, including the new GENESIS™, the world’s first rechargeable green laser and the UniMax® MICRO, the worlds smallest rail mount laser. LaserMax is best known for its signature product line of internal Guide Rod Lasers.

About LaserMax

LaserMax is a leading innovator and manufacturer of high quality laser sight systems. For more than 20 years, the company has provided laser products for military, law enforcement agencies and commercial markets worldwide. All products are designed and manufactured in a state-of-the-art facility in Rochester, New York, USA. For more information visit us www.LaserMax.com or call 800.527.3703.

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