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PATENT REEXAMINATION

KENNETH R. ADAMO*

On December 12, 1980, President Carter signed into law the Patent and Trademark Laws Act¹ which provides, for the first time, procedures for the reexamination of issued United States patents. President Carter stated at that time that:

The patent reexamination procedures established by this legislation constitute the most significant improvement in our patent laws in more than a century. Under these procedures, during the life of an issued patent any interested person for example, a patent owner, a potential licensee, or a competitor—may obtain a prompt and relatively inexpensive reevaluation of its validity by the Patent and Trademark Office. Patent reexamination will make it possible to focus extra attention on the most commercially significant patents. This legislation will improve the reliability of reexamined patents, thereby reducing the costs and uncertainties of testing patent validity in the courts. The provisions of this legislation will result in less cost to the public for patent reexamination.²

Thus, “[t]he most significant improvement in our patent laws in more than a century” was born.³ The patent bar rejoiced, having long sought to improve the reliability of issued patents as a way of spurring innovation in this country.⁴

On reflection, however, it appears that reexamination may fail to

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1. Patent and Trademark Laws Act, Pub. L. No. 96-517, §§ 301-307, 94 Stat. 3015 (1980) (to be codified at 35 U.S.C. §§ 301-307).

2. Patent and Trademark System Reform, 16 WEEKLY COMP. OF PRES. DOC. 2803 (Dec. 12, 1980).

3. The history of the efforts leading to the passage of the Patent and Trademark Laws Act is summarized in an article written by Donald J. Quigg, a member of the ABA Subcommittee that formulated the reexamination procedure embodied in the statute. See Quigg, *Post-Issuance Re-Examination: An Inventive Attempt at Reform*, Nat'l L. J., June 1, 1981, at 31, col. 1 [hereinafter referred to as Quigg]. For further discussion of the history of the reexamination proposals, see Abramson, *Should The U.S. Adopt A Re-examination System?*, 52 J. PAT. OFF. SOC'Y 407 (1970); Daus, *Reexamination: An Opportunity to Serve The Public*, 62 J. PAT. OFF. SOC'Y 180 (1980); Irons & Sears, *Patent "Reexamination." A Case of Administrative Arrogation*, 1980 UTAH L. REV. 287, 290-91 (1980); Marquis, *Improving the Quality Control for Patents*, 59 MINN. L. REV. 67, 84-90 (1974); Popovich, *Patent Quality: An Analysis of Proposed Court, Legislative, and PTO-Administrative Reform-Reexamination Resurrected*, 61 J. PAT. OFF. SOC'Y. 248, 316 (1979).

4. The high hope with which the bar views reexamination is readily apparent from comments recently published in periodicals across the country. See, e.g., Kaberon, *New Patent Law Becomes Effective Today*, The Chicago Law Bulletin, July 1, 1981, at 1, col. 3; Quigg, *supra* note 3, at 31, col. 1 (“Overall, the new legislation should benefit the Patent and Trademark Office and help to improve innovation—from concept to commercialization of inventions—in the United

perform its intended function of improving the reliability of issued patents.⁵ The reasons for this potential failure lie in how the reexamination statute and the related Rules of Practice promulgated by the Patent and Trademark Office ("the Office") are likely to be interpreted in light of existing precedent. The reexamination procedure is strictly *ex parte* and this prevents binding finality from attaching to the outcome of a reexamination under *res judicata* or collateral estoppel. Also, the applicability of the statutory presumption of validity that attaches to an issued patent⁶ with respect to newly cited prior art considered in a reexamination will have to be shaped by the courts, particularly as to extending the protection of that presumption to the denial of a request for reexamination.⁷

This article reviews the reexamination statute and its related rules and applies to them the principal authorities bearing on the issue of finality under the alternative theories of *res judicata*, collateral estoppel, and the presumption of validity. From this analysis, suggestions emerge for amending the statute and Office rules to ensure some measure of finality for the reexamination procedure. In this manner, the desired increase in the reliability of issued patents can be attained.

PATENTABILITY AND THE PATENT EXAMINING PROCEDURE

The granting of a United States patent is governed by title 35 of the United States Code, which was enacted by the Patent Act of 1952.⁸ Essentially, three requirements are established by the statute for patentability: the subject matter of a claimed invention must be useful, novel and nonobvious.⁹ Explanation and application of these requirements is

States"); COMMITTEE REPORT OF THE PATENT REEXAMINATION SUBCOMMITTEE, AMERICAN PATENT LAW ASSOCIATION BULLETIN 150-51 (March-April 1981).

5. For detailed commentaries by other members of the patent bar on the course reexamination should now take, as well as a detailed review of its history, see VIRGINIA STATE BAR SECTION ON PATENTS, TRADEMARKS AND COPYRIGHT LAW, REEXAMINATION PROCEEDINGS (1981).

6. See text accompanying note 21 *infra*.

7. See 35 U.S.C.A. §§ 301-303 (West Sp. Supp. 1980). For a discussion of the scope of prior art considered in a reexamination, see text accompanying note 33 *infra*.

8. Pub. L. No. 82-593, 66 Stat. 792 (1952) (codified at 35 U.S.C. §§ 1-293 (1976 & Supp. III)).

9. 35 U.S.C. § 101 (1976) provides:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

35 U.S.C. § 102 (1976) provides:

A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

found in a long and continuing line of case precedent. The landmark decision of the United States Supreme Court in *Graham v. John Deere Co.*¹⁰ contains both interpretative and directive language concerning the determination of whether the subject of a claimed invention is nonobvious:

[T]he scope and content of the prior art is to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.¹¹

As indicated by *Graham*, central to the determination of whether the subject matter of a claimed invention is patentable is establishing the scope and content of the relevant prior art¹² and then gauging the novelty and nonobviousness of the claimed invention against this benchmark.

This determination is made by Office examiners during the examination of patent applications. Patent applications are examined *ex parte* by the Office with the inventor in confidence and secrecy.¹³ Prior art materials are assembled by an examiner by searching through United States and foreign patents and may include a review of scien-

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

35 U.S.C. § 103 (1976) provides:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

See generally 1 D. CHISUM, PATENTS, § 3.01 (1980) [hereinafter referred to as CHISUM].

10. 383 U.S. 1 (1966).

11. *Id.* at 17.

12. "Prior art" is generally defined by 35 U.S.C. § 102 (1976). See note 9 *supra*. See generally 1 CHISUM, *supra* note 9, §§ 3.01-.08; 2 CHISUM, §§ 5.03[1]-[3], 6.01-.04.

13. 35 U.S.C. § 122 (1976). See generally 37 C.F.R. §§ 1.1-.570 (1981).

tific journals and other works and periodicals, both foreign and domestic.¹⁴ The search is presently conducted manually by an examiner, through copies of these materials on file in the Office.¹⁵

Provisions also exist for the correction of inadvertent errors in an issued patent by reissuing it.¹⁶ The error will typically involve a defective specification or drawing, or the scope of the patent being overly broad or unduly narrow.¹⁷ The same standards of patentability used to evaluate original patent applications are applied to a reissue application.¹⁸ The patentee may retain the same rights in the reissued patent as if the patent had been originally issued in its amended reissued form.¹⁹

Should an infringement suit be brought on an issued patent, the provisions of section 282 come into play.²⁰ On the one hand, this section provides for a presumption of validity for the issued patent.²¹ On the other hand, the section permits the invalidity of the patent to be raised as a defense to such a suit.²² As a result, a patent's satisfaction of patentability standards is subjected to intense scrutiny in litigation.

14. See 37 C.F.R. § 1.104 (1981).

15. See 35 U.S.C. §§ 8, 9 (1976).

16. 35 U.S.C. § 251 (1976); 37 C.F.R. §§ 1.171-.179 (1981).

17. See 35 U.S.C. § 251 (1976).

18. *Id.*

19. 35 U.S.C. § 252 (1976).

20. 35 U.S.C. § 282 (1976) provides:

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. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

- (1) Noninfringement, absence of liability for infringement or unenforceability,
- (2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,
- (3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,
- (4) Any other fact or act made a defense by this title.

In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Claims, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires.

See generally 4 CHISUM, *supra* note 9, §§ 19.01, 19.02[1].

21. 35 U.S.C. § 282 (1976).

22. *Id.*

Unburdened by the time pressures felt by Office examiners, by incomplete Office search files, and by limited access to the bulk of scientific and technical literature, infringement defendants often unearth relevant prior art materials not considered during the *ex parte* examination of the patent in suit. Such newly uncovered prior art not infrequently results in the invalidation of the patent in suit.

This lack of certainty as to the validity of issued patents gave rise to considerable concern on the part of the patent bar and the courts.²³ The Office responded to this concern by amending the reissue procedure to permit a party other than a patentee to challenge the validity of a patent in the course of the proceeding.²⁴ It was hoped that this change would produce greater stability and certainty for reissued patents.²⁵ However, a broader response to the problem of patent instability came to be viewed as necessary and this engendered congressional action in the form of the reexamination procedure.²⁶

THE REEXAMINATION PROCEDURE

Sections 301 through 307 of the Patent and Trademark Laws Act,

23. See notes 3-5 *supra*.

24. See 42 Fed. Reg. 5594 (1977). Compare 37 C.F.R. §§ 1.11(b), .175, .291 (1976) (amended 1977) with 37 C.F.R. §§ 1.11(b), .175, .291 (1981).

Detailed discussions of the governing rules and procedures involved in executing a reissue and protesting such a reissue are found in U.S. OFFICE OF PATENTS AND TRADEMARKS, MANUAL OF PATENT EXAMINING PROCEDURES chs. 1400, 1900 (1981) [hereinafter referred to as the MPEP]. The limits of such protestor participation, assuming access to the application, are set out in MPEP, *supra*, §§ 1901.07(a)-(c), 1902-07, and basically comprise the receipt of copies of papers filed by the reissue applicant, a comment period in which opposing papers may be filed, participation in *inter partes* interviews (with the ability to request such an interview if the applicant agrees to attend), and participation before the Board of Appeals in appeals taken by the applicant. The protestor cannot appeal a decision to the Board adverse to the protestor. MPEP, *supra*, § 1904, para. 1.

25. See promulgating remarks at 951 OFFICIAL GAZ. PAT. OFF. 211 (1976); 955 OFFICIAL GAZ. PAT. OFF. 216 (1977); 977 OFFICIAL GAZ. PAT. OFF. 11 (1978).

26. The House committee report on the reexamination procedure stated:

This new procedure will permit any party to petition the patent office to review the efficacy of a patent, subsequent to its issuance, on the basis of new information about preexisting technology which may have escaped review at the time of the initial examination of the patent application. Reexamination will permit efficient resolution of questions about the validity of issued patents without recourse to expensive and lengthy infringement litigation. This, in turn, will promote industrial innovation by assuring the kind of certainty about patent validity which is a necessary ingredient of sound investment decisions.

A new patent reexamination procedure is needed to permit the owner of a patent to have the validity of his patent tested in the Patent Office where the most expert opinions exist and at a much reduced cost. Patent office reexamination will greatly reduce, if not end, the threat of legal costs being used to 'blackmail' such holders into allowing patent infringements or being forced to license their patents for nominal fees.

H.R. Rep. No. 1307, 96th Cong., 2d Sess. 3-4 (1980), reprinted in [1980] U.S. CODE CONG. & AD. NEWS 6460, 6462-63 [hereinafter referred to as House Report].

together with the rules promulgated by the Patent and Trademark Office,²⁷ establish the procedures for reexamining an issued United States patent.²⁸

Any person may cite to the Office certain prior art materials believed to have a bearing on the patentability of an issued patent. Although not required, if a written explanation of the pertinency of the cited prior art to the patent is provided, the cited art and the explanation are made part of the patent file; no reexamination need be requested to cause the cited art to be made of record.²⁹ Alternatively, a written request for a reexamination may be filed by anyone at any time during the life of the patent. The request must state the pertinency of the cited art to the patent at issue and show the manner of applying the cited art to every claim of the patent for which reexamination is sought.³⁰ The Commissioner of Patents and Trademarks may also institute a reexamination on his own initiative.³¹

Within three months of the receipt of a reexamination request, the

27. The rules as enacted appear at 46 Fed. Reg. 29176 (1981) and 1007 OFFICIAL GAZ. PAT. OFF. 30 (1981). The proposed rules appear at 46 Fed. Reg. 3126 (1981).

28. See generally 3 CHISUM, *supra* note 9, § 11.07[4]; Daus, *Reexamination of U.S. Patents Under The New Legislation*, 79 PAT. & T. M. REV. 167 (1981).

29. 35 U.S.C.A. § 301 (West Sp. Supp. 1980) provides:

Any person at any time may cite to the Office in writing 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. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior art and the explanation thereof will become a part of the official file of the patent. At the written request of the person citing the prior art, his or her identity will be excluded from the patent file and kept confidential.

See also 37 C.F.R. § 1.501 (1981).

30. 35 U.S.C.A. § 302 (West Sp. Supp. 1980) provides:

Any 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. 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 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.

See also 37 C.F.R. § 1.510 (1981).

31. 35 U.S.C.A. § 303(a) (West Sp. Supp. 1980) provides in part:

On his own initiative, and at any time, the Commissioner 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 37 C.F.R. § 1.520 (1981). Without this explicit statutory grant of authority, *McCormick Harvesting Machine Co. v. Aultman*, 169 U.S. 606 (1898), would arguably have prevented such a *sua sponte* exercise on the Commissioner's part. In *McCormick*, a patent owner sought reissue of his patent but after the examiner denied some of the claims in the original patent, the owner abandoned the reissue proceeding. The Court held that the owner held a valid patent as originally issued because the Office had lost jurisdiction over the patent when it originally issued it and had not regained such jurisdiction by virtue of the owner's initiation of the reissue proceeding.

Commissioner determines whether a "substantial new question of patentability" is raised by the request.³² In making this determination, the Commissioner need only consider patents or printed publications newly cited to the Office alone, though he may also consider other patents or printed publications.³³

If the Commissioner determines that no substantial new question of patentability exists, his decision is final and nonappealable.³⁴ If the request raises a substantial new question of patentability, an order for reexamination is entered by the Commissioner for resolution of the question. The patent owner, within not less than two months from Commissioner's order, may file a statement on the new question of patentability. If the owner files such a statement, and he is not the requester of the reexamination, the third party requester then has two months to submit a reply to the owner's statement.³⁵ Reexamination

32. Neither the statute nor the Office rules elaborate on what is a "substantial new question of patentability." The statute's legislative history is also devoid of comment on the intended rigor of the standard established by this phrase. *See* House Report, *supra* note 26, at 6, 7.

33. 35 U.S.C.A. § 303(a) (West Sp. Supp. 1980) provides in part:

Within three months following the filing of a request for reexamination under the provisions of section 302 of this title, the Commissioner 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.

See also 37 C.F.R. § 1.515 (1981).

34. 35 U.S.C.A. § 303(c) (West Sp. Supp. 1980) provides in part:

A determination by the Commissioner pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable.

See also 37 C.F.R. § 1.515(c) (1981) where the examiner's decision on the reexamination request is reviewable by petition to the Commissioner pursuant to 37 C.F.R. § 1.181 (1981).

The language of rule 515(c) appears to conflict with the letter of section 303(c); however, the statute indicates that the determination is to be made within three months of the request and is final when made, yet the rule states that the determination is not final and nonappealable until the one month time period for petitioning has run. If the original decision is not handed down until after the end of the second month following the filing of the request, the period for finality will extend past three months, in derogation of the statutory language. *See* 35 U.S.C.A. § 303(a) (West Sp. Supp. 1980) ("within three months following the filing of a request for reexamination . . . the Commissioner will determine . . .").

In addition, there are extremely rigorous acceptance standards applied to rule 1.181 petitions, and no hearing is provided as a matter of right. *See* *Anderson v. Lowry*, 1899 C.D. 230, 235 (Com'r Pats. 1899); *Scinta v. Anderson*, 193 F.2d 1020, 1021-22 (C.C.P.A. 1951); *Steierman v. Connelly*, 197 U.S.P.Q. 288, 289 (Com'r Pats. 1976); C. RIVISE & A. CAESAR, *INTERFERENCE LAW & PRACTICE* § 303 (1940); IA L. HORWITZ, *PATENT OFFICE RULES AND PRACTICE*, §§ 181.2, .5 (1980).

35. 35 U.S.C.A. § 304 (West Sp. Supp. 1980) provides:

If, in a determination made under the provisions of subsection 303(a) of this title, the Commissioner 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. The patent owner will be given a reasonable period, not less than two months from the date a copy of the determination is given or mailed to him, within which he may file a statement on such question, including any amendment to his patent and new claim or claims he may wish to propose, for considera-

thereafter generally proceeds in the same *ex parte* manner as an original application.³⁶

The outcome of a reexamination may be that the patent is found valid in its original form, that the original patent is modified and as such is found valid, or that the patent is found invalid. The patent owner may seek both administrative and judicial review of the reexamination's outcome.³⁷ Once appeal proceedings have terminated, the final outcome of the reexamination is reported and published in a reexamination certificate issued by the Commissioner.³⁸

Where reexamination is sought by the patent owner, the denial of his request due to the absence of a "substantial new question of patentability" will hardly be troubling. The denial signifies that the newly cited prior art has been found by the Office to raise no substantial question on the patentability of his patent.³⁹ If a reexamination is undertaken, the owner is permitted to file a statement in support of his patent,⁴⁰ interact with the examiner,⁴¹ and seek review of the exam-

tion in the reexamination. If the patent owner files such a statement, he promptly will serve a copy of it on the person who has requested reexamination under the provisions of section 302 of this title. Within a period of two months from the date of service, that person may file and have considered in the reexamination a reply to any statement filed by the patent owner. That person promptly will serve on the patent owner a copy of any reply filed.

See also 37 C.F.R. §§ 1.525, .530, .535 (1981).

36. 35 U.S.C.A. § 305 (West Sp. Supp. 1980) provides in part that "Reexamination will be conducted according to the procedures established for initial examination. . . ." *See* 35 U.S.C. §§ 132, 133 (1976). The two procedures differ in that amending the claims of a patent to enlarge their scope is permitted in an initial examination, but prohibited in a reexamination. 35 U.S.C.A. § 305 (West Sp. Supp. 1980). *See also* 37 C.F.R. § 1.552 (1981).

37. 35 U.S.C.A. § 306 (West Sp. Supp. 1980) provides:

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, and may seek court review under the provisions of sections 141 to 145 of this title, with respect to any decisions adverse to the patentability of any original or proposed amended or new claim of the patent.

Section 134 authorizes an appeal to the Office's Board of Appeals. *See* 35 U.S.C. § 134 (1976).

38. 35 U.S.C.A. § 307(a) (West Sp. Supp. 1980) provides:

In a reexamination proceeding under this chapter, when the time for appeal has expired or any appeal proceeding has terminated, the Commissioner will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.

See also 37 C.F.R. § 1.570 (1981).

39. *See* 35 U.S.C.A. § 303(a) (West Sp. Supp. 1980). The pertinent text of section 303(a) appears in note 33 *supra*.

40. *See* 35 U.S.C.A. § 304 (West Sp. Supp. 1980). The text of section 304 appears in note 35 *supra*.

41. 35 U.S.C.A. § 305 (West Sp. Supp. 1980) provides in part that "reexamination will be conducted according to the procedures established for initial examination under the provisions of Sections 132 and 133 of this title." *See* 35 U.S.C. §§ 132, 133 (1976). The interaction between the patent owner and the examiner is governed by the same rules that govern the interaction between an applicant for a patent and the examiner. *See* 37 C.F.R. §§ 1.111-.139 (1981).

iner's decision.⁴²

In contrast, the participation of a third party requester is quite limited by the statute and rules. If the reexamination request is denied, the denial is final and unappealable.⁴³ If a reexamination is undertaken, the input of a third party requester is limited to the information contained in his request unless the patent owner files a statement supporting his patent to which the requester can reply.⁴⁴ The requester may not interact with the examiner during the reexamination⁴⁵ and he may not seek review of the examiner's decision.⁴⁶

As will be shown, both the limited role accorded to a third party requester⁴⁷ and the fact that only the newly cited prior art need be considered in a reexamination⁴⁸ undermine the finality of the outcome of a reexamination and, hence, the efficacy of the procedure.

EFFECT OF A REEXAMINATION ON SUBSEQUENT LITIGATION: LESSONS FROM THE CONTESTED REISSUE PROCEDURE

Any statement as to the effect on patent validity of either surviving a reexamination or of a denial of a request for lack of a finding of the presence of a substantial new question of patentability is glaringly absent from the reexamination statute. Also, no reference relating the outcome of a reexamination to the statutory presumption of validity is present.⁴⁹ Thus, the statute is silent on what effect, if any, the outcome

42. 35 U.S.C.A. § 306 (West Sp. Supp. 1980). See note 37 *supra* for the text of section 306.

43. 35 U.S.C.A. § 303(c) (West Sp. Supp. 1980). See note 34 *supra*.

44. 35 U.S.C.A. § 304 (West Sp. Supp. 1980). See note 35 *supra*.

45. 35 U.S.C.A. § 305 (West Sp. Supp. 1980). See note 36 *supra*. See also comments of Acting Commissioner of Patents and Trademarks Tegtmeier, 1007 OFFICIAL GAZ. PAT. OFF. 30, 31, 34 (1981). The Rules of Practice do, however, provide that reexamination files are open to the public. 37 C.F.R. §§ 1.11(c), (d) (1981). The third party requester will also be sent copies of Office actions by the Office, and papers filed by the patent owner must be served on the requester, after his active participation ends. 37 C.F.R. § 1.550(e) (1981).

46. 35 U.S.C.A. § 306 (West Sp. Supp. 1980). See note 37 *supra*.

47. In view of this "hamstringing" of a third party requester, it may seem difficult to conjure up a situation in which an individual or corporation with previously uncited art would request a reexamination. However, various business purposes, including contingent licenses reached with patent owners which require reexamination of the licensed patent as part of the agreement, as well as instances where the dollar value of the product cannot justify the cost of litigation, yet infringement problems exist or are believed to exist, may well provide the impetus for third party requests.

48. 35 U.S.C.A. § 303(a) (West Sp. Supp. 1980). See note 33 *supra*.

49. The lack of such a reference, in view of the legislative history and the reference to other sections of title 35, *e.g.*, in section 305, is puzzling in the least. If the intent of Congress was truly to strengthen issued patents and settle questions of validity by examination over previously uncited art, failure to explicitly provide for such a strengthening by statutory provision or, at minimum, to explicitly refer to the preexisting statutory presumption, constitutes a missed opportunity to make a clear statement to patentees, patent owners, potential infringers and the courts of the effect of reexamination. Although it is certainly arguable that the presumption automatically applies where a request to reexamine is granted and the patent is in fact reexamined over the newly

of a reexamination will have on subsequent litigation in which the validity of the patent is challenged.

At this early juncture, no court has been faced with either infringement or declaratory judgment litigation involving a reexamined patent. However, the judicial reaction to the outcome of a reexamination may be predicted by reviewing the effect on subsequent litigation that courts have accorded to a similar Office procedure: the recently instituted "contested" reissue proceeding.⁵⁰ Courts have utilized three different approaches in determining the effect of a contested reissue proceeding on subsequent litigation. These approaches consist of *res judicata*, collateral estoppel and the statutory presumption of patent validity. These approaches are examined here to determine the extent of their applicability to the reexamination procedure.

Res Judicata and Collateral Estoppel

The doctrine of *res judicata* gives conclusive effect to a cause of action that has been reduced to judgment. Once a judgment on the merits has been obtained, the doctrine operates as an absolute bar to the relitigation of the same cause of action between the same parties or those in privity with them.⁵¹ In contrast, the doctrine of collateral es-

cited art and found allowable, this assumption does *not* hold where the request for reexamination is denied for lack of a "substantial new question of patentability." In that circumstance, there will be *no* examination in the sense of 35 U.S.C. §§ 132, 133 (1976), which has long been the prerequisite for applicability of 35 U.S.C. § 282 (1976) to a reference. *See* text accompanying notes 92-108 *infra*.

Fueling this confusion are other statements in the House Report as to the "major thrusts" of the bill. The Report states that "First, [the bill] . . . strengthens investor confidence in the certainty of patent rights by creating a system of administrative reexamination of doubtful patents." House Report, *supra* note 26, at 3. This echoes other language in the Report about "assuring the kind of certainty about patent validity which is a necessary ingredient of sound investment decisions." *Id.*

More telling, however, is the comment in the section-by-section analysis of the Report with respect to section 303:

No one would be deprived of any legal right by a denial by the Commissioner of a request for reexamination. A party to a reexamination proceeding could still argue in any subsequent litigation that the PTO erred and that the patent is invalid on the basis of the cited prior art.

House Report, *supra* note 26, at 7. Given the courts' reluctance, in view of the presumption of validity, to find a patent invalid where the trial record contains nothing more than the art of record before the Office, one of two conclusions can be drawn from this latter statement in the Report: it is either devoid of meaning, or it represents a departure from existing precedents concerning the presumption of validity in situations where no "substantial new question of patentability" is found to exist: that no presumption attaches on such a denial.

50. *See* text accompanying notes 23-25 *supra*.

51. *See, e.g.*, Commissioner v. Sunnen, 333 U.S. 591 (1948). *See generally* 1B MOORE'S FEDERAL PRACTICE ¶ 0.405[1] (1980).

Technically, the doctrines of *res judicata* and collateral estoppel differ in scope. *Res judicata* imparts conclusive effect to an adjudicated cause of action, while collateral estoppel accords final-

toppel accords final effect to the adjudication of particular issues. The doctrine bars the relitigation of specific issues of fact or law that have been fully litigated in a prior proceeding between the parties.⁵²

The doctrine of collateral estoppel is also applied to bar the relitigation of issues that have been litigated and adjudicated in a prior administrative proceeding.⁵³ This application of collateral estoppel is based on judicial deference to an agency's designated adjudicative role in its particular area of expertise.⁵⁴ Consonant with the requirement of prior litigation and adjudication, the United States Supreme Court has stated that factual issues resolved in administrative proceedings will be given collateral estoppel effect if the proceedings afford a party "a fair opportunity procedurally, substantively, and evidentially to pursue his claim."⁵⁵

In *Pic, Inc. v. Prescon Corp.*,⁵⁶ the district court granted a stay in a

ity to particular adjudicated issues. Unfortunately, this distinction is often blurred by the use of the term *res judicata* broadly to refer to the conclusive effect of either doctrine. See 1 B MOORE'S FEDERAL PRACTICE ¶ 0.44[2] (1980). Such a broad use of the term *res judicata* is not intended here.

52. See, e.g., *Lawlor v. National Screen Service Corp.*, 349 U.S. 322 (1955). See generally 1B MOORE'S FEDERAL PRACTICE ¶ 0.441[2] (1980).

Traditionally, only a party that had participated in the prior proceeding or a party in privity with the participating party was permitted to raise the bar of *res judicata* or collateral estoppel. See, e.g., *Lawlor v. National Screen Service Corp.*, 349 U.S. 322 (1955); *Bigelow v. Old Dominion Copper Mining & Smelting Co.*, 225 U.S. 111 (1912). See generally 1B MOORE'S FEDERAL PRACTICE ¶ 0.412[1] (1980). This requirement of mutuality has been recently eroded by the Supreme Court to permit a party not bound by an earlier proceeding to raise the collateral estoppel bar. In *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971), the Court permitted the defendant to a patent infringement action to plead collateral estoppel, where the patent had been found invalid in a prior litigation against another defendant. In *Parklane Hosiery Co. v. Shore*, 439 U.S. 322 (1979), the Court permitted a plaintiff in a securities law action to raise collateral estoppel against the defendant corporation, where the corporation had been found to have violated the securities law in a prior litigation brought by a different plaintiff, the Securities and Exchange Commission. The offensive and defensive use of collateral estoppel by parties that are not bound by the earlier proceeding has been the subject of much commentary. See Axinn, *Developments and Issues In Collateral Estoppel*, ALI-ABA Course of Study, Federal Civil Practice & Litigation (1981); Callen, *To Bury Mutuality, Not To Praise It: An Analysis of Collateral Estoppel After Parklane Hosiery Co. v. Shore*, 31 HASTINGS L. J. 755 (1980); Smith, *The Collateral Estoppel Effect of a Prior Judgment of Patent Invalidity: Blonder-Tongue Revisited* (pts. 1-3), 55 J. PAT. OFF. SOC'Y 285, 363, 436 (1973); Comment, *The Offensive Use of Non-Mutual Collateral Estoppel and The Seventh Amendment*, 9 STETSON L. REV. 182 (1979); Note, *Mutuality of Estoppel and the Seventh Amendment: The Effect of Parklane Hosiery*, 64 CORNELL L. REV. 1001 (1979). See also 4 CHISUM, *supra* note 9, §§ 19.02[2][a]-[f]. See generally Note, *The Collateral Estoppel Effect of Administrative Agency Actions In Federal Civil Litigation*, 46 GEO. WASH. L. REV. 65 (1977); Note, *The Impacts of Defensive And Offensive Assertion of Collateral Estoppel By A Nonparty*, 35 GEO. WASH. L. REV. 1010 (1967).

53. See, e.g., *United States v. Utah Constr. Co.*, 384 U.S. 394 (1966); *Nasem v. Brown*, 595 F.2d 801 (D.C. Cir. 1979); *Bowen v. United States*, 570 F.2d 1311 (7th Cir. 1978).

54. *United States v. Utah Constr. Co.*, 384 U.S. 394, 421 n.18, 421-22 (1966).

55. *Blonder-Tongue Laboratories v. University of Ill. Foundation*, 402 U.S. 313, 333 (1971). See also *United States v. Utah Constr. Co.*, 384 U.S. 394, 422 (1966).

56. 485 F. Supp. 1302 (D. Del. 1980).

patent infringement action due to the ongoing contested reissue proceeding of the patent in suit. Subsequently, the Office upheld the validity of the patent over the prior art cited to it during the reissue proceeding.⁵⁷ The patent owner then moved for partial summary judgment on the issue of his patent's validity over the cited prior art on the ground that the Office reissue decision should be accorded either *res judicata* or collateral estoppel effect.⁵⁸

In denying the patent owner's motion, the court first observed that patent validity was at issue in the reissue proceeding while the litigation before it involved both patent infringement and validity. Although it recognized the existence of "some connection" between the reissue proceeding and the litigation, the court concluded that the two did not amount to the same cause of action and thus found *res judicata* inapplicable.⁵⁹

The court also found collateral estoppel inapplicable because the contested reissue proceeding did not provide an adequate opportunity to the third party protester to litigate his claim. It noted the protester's lack of an opportunity to examine and cross-examine witnesses or to engage in discovery. It also noted the differences between the applicant and the protester with regard to the right to request oral argument before the Office Board of Appeals, the right to meet and discuss the application with the examiner, and the right to appeal adverse decisions.⁶⁰

In applying *Pic, Inc. v. Prescon Corp.* to the reexamination proce-

57. *Id.* at 1303.

58. *Id.*

59. *Id.* at 1308.

60. *Id.* at 1311.

In dicta, the court stated that if the reissue procedure were to afford protesters an adequate opportunity to litigate their claims, a patent owner could raise collateral estoppel on the issue of patent validity against a protester or other party in subsequent litigation:

In so holding, the Court has analyzed the *opportunity* for Prescon to participate in the Lang application proceeding, and not the extent of Prescon's actual participation. Prescon has expressly stated that its failure to file a protest prior to late 1978 was based, in large part, upon its concern that "any participation on its part at this point in time might serve to create a res judicata situation" *If the Court had found that the PTO proceedings satisfied the . . . [adequate opportunity] requirements Prescon could not have defended against the application of collateral estoppel merely by not participating in the proceedings.*

Id. at 1311 (emphasis added, footnote omitted). For a discussion of the applicability of collateral estoppel to a party not bound by the prior proceeding, see note 52 *supra*.

If the *Pic* court is correct in its view of the effect of an "adequate opportunity" reissue proceeding on a nonparticipant, a reissue would be of great value to a patent owner. The owner need only successfully reissue the patent to be able to raise offensive collateral estoppel as to the validity of his patent over the newly cited prior art. See Lieberman, *In Rem Validity—A Two-Sided Coin*, 53 J. PAT. OFF. SOC'Y 9 (1971). The notice requirement for the *in rem* nature of the proceeding would seemingly be satisfied by publication of notice of the reissue application in the Official

ture, it is apparent that the role of a contested reissue protester and that of a third party reexamination requester are similarly limited. Such limitations prevent both procedures from affording a party a full and fair opportunity to litigate an issue. Accordingly, the outcome of neither proceeding can be accorded any finality in subsequent litigation under a collateral estoppel theory. Because administrative proceedings will generally not amount to the same cause of action that is subsequently litigated, the doctrine of *res judicata* will not accord such proceedings any finality. Thus, it appears that the outcome of a reexamination procedure cannot obtain any conclusive effect under either a *res judicata* or collateral estoppel theory.⁶¹

There is one exception to this conclusion. Congress has provided

Gazette, as provided by 37 C.F.R. § 1.11(b) (1981). See F. JAMES, CIVIL PROCEDURE, §§ 12.1, 12.7, 12.11 (1965).

The current weight of precedent, however, still seems to lie squarely against affording estoppel effect with respect to validity insofar as a noninvolved, later litigant is concerned. The Court in *Blonder-Tongue*, in dicta, stated:

Some litigants—those who never appeared in a prior action—may not be collaterally estopped without litigating the issue. They have never had a chance to present their evidence and arguments on the claim. Due process prohibits estopping them despite one or more existing adjudications of the identical issue which stand squarely against their position. . . . But the case before us involves neither due process nor “offensive use” questions.

402 U.S. at 329-30 (footnote omitted). *Accord*, *United States Indus., Inc. v. Norton Co.*, 195 U.S.P.Q. 303, 307 (N.D. N.Y. 1977) (“On the other hand, there is no mutual use for collateral estoppel purposes of a finding of validity in the patentee’s favor”); 4 CHISUM, *supra* note 9, § 19.02[2][e]. See also *Loctite Corp. v. Ultraseal Ltd.*, 209 U.S.P.Q. 1030 (E.D. Wis. 1980) (refusal to give collateral estoppel effect to patentee’s admission of patent invalidity forming basis for United States International Trade Commission finding); *Blumcraft v. Architectural Art Mfg., Inc.*, 337 F. Supp. 853, 858 (D. Kan. 1972), *aff’d*, 459 F.2d 482 (10th Cir. 1972); *Phillips Elec. & Pharmaceutical Inds. Corp. v. Thermal & Elec. Inds., Inc.*, 450 F.2d 1164, 1175-76 (3d Cir. 1971); *Boutell v. Volk*, 449 F.2d 673, 678 (10th Cir. 1971); 1B MOORE’S FEDERAL PRACTICE, ¶ 0.411[1] (1980).

Cf. *Union Carbide Corp. v. Continental Oil Co.*, 172 U.S.P.Q. 62, 64 (S.D. N.Y. 1971) (implies that a level of involvement less than direct participation in a suit may give rise to collateral estoppel) (citing *Montana v. United States*, 440 U.S. 147, 153-55 (1979)); *Shimman v. Frank*, 625 F.2d 80, 89-90 (6th Cir. 1980); *United States v. ITT Rayonier, Inc.*, 627 F.2d 996, 1003 (9th Cir. 1980) (“Courts have recognized that a non-party may be bound if a party is so closely aligned with its interests as to be its ‘virtual representative’”). See also *Plastic Container Corp. v. Continental Plastics*, 607 F.2d 885, 893-95 (10th Cir. 1979); *Bowen v. United States*, 570 F.2d 1311, 1321 (7th Cir. 1978) (noting the continuing rapid extension of the *res judicata* and collateral estoppel doctrines with respect to “decisions of administrative agencies in appropriate cases”); *Zdanok v. Glidden Co.*, 327 F.2d 944 (2d Cir.), *cert. denied*, 377 U.S. 934 (1964).

61. The *Pic* court’s decision was indicated to have been a motivating factor in the Office’s proposal of new protester participation rules. Remarks by R. Franklin Burnett, *Proposed Rulemaking Seminar, Reexamination & Inter Partes Protest Expansion*, Washington, D.C. (March 3, 1981). The rules as proposed by the Patent and Trademark Office, also contained expanded procedures for the contested reissue procedure, so as to provide for more *inter partes* participation. Proposed Rules §§ 1.56(e), 1.360-380 at 46 Fed. Reg. 3164 (1981). After substantial negative comment on causing expansion of *inter partes* protests at the same time as commencement of reexamination, see 527 PAT. T.M. & COPYRIGHT J. A-4 (1981); 1007 OFFICIAL GAZ. PAT. OFF. 30, 31 (1981), the proposed rules were withdrawn.

the Patent Office with power to cancel individual claims or an entire patent in the course of a reexamination,⁶² but it has not done so for contested reissue proceedings. Although such action by the Office is appealable,⁶³ once upheld it is binding on all subsequent litigation.

Presumption of Validity

The statutory presumption of validity attaches to each duly issued patent and extends to each one of the patent's claims.⁶⁴ This presumption is based upon the acknowledged expertise of the Office and the recognition that patent approval is an administrative determination supported by evidence.⁶⁵ Courts have differed on what effect, if any, a contested reissue proceeding in which a patent has been reissued has on the presumption of validity that originally attached to that patent.

*Corometrics Medical Systems v. Berkeley Bio-Engineering, Inc.*⁶⁶ was decided before the Office Rules were amended to permit a contested reissue proceeding. There, Berkeley and Hewlett-Packard filed protests to a reissue application by the Corometrics inventors. In an unusual departure from normal procedure, the Assistant Commissioner for Patents suspended the reissue proceeding and gave the protesters the opportunity to argue for rejection of the application as unpatentable. The examiner allowed the claims over their arguments and a narrowed patent issued.⁶⁷

When sued for infringement on the reissued patent, Berkeley raised the same grounds as a defense of invalidity that it had unsuccessfully argued before the Office.⁶⁸ In finding the patent valid and infringed, the court noted that the patent's presumption of validity had

62. 35 U.S.C.A. § 307(a) (West Sp. Supp. 1980).

63. 35 U.S.C.A. § 306 (West Sp. Supp. 1980).

64. 35 U.S.C. § 282 (1976) provides in part:

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. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

65. *E.g.*, *Lee-Boy Mfg. Co. v. Puckett*, 202 U.S.P.Q. 573, 574 (N.D. Ga. 1978). *See generally* 2 ROBINSON, TREATISE ON THE LAW OF PATENTS, § 426 (1890); C. RIVISE & A. CAESAR, PATENTABILITY AND VALIDITY, § 6 (1936); 4 A. DELLER, DELLER'S WALKER ON PATENTS, § 261 (1965 & Supp. 1971); 2 CHISUM, *supra* note 9, § 5.06[2].

66. 193 U.S.P.Q. 467 (N.D. Cal. 1977).

67. *Id.* at 472. *See also* *In re Bonn*, 193 U.S.P.Q. 190 (Comm'r Pats. 1976). There, a patent was involved in litigation and a petition by the non-owner party for access to the reissue application was granted. The Office allowed the non-owner party to file a written submission based on the pending suit, but denied a request for other rights, including the right to interview the examiner or otherwise have an oral hearing in the case.

68. 193 U.S.P.Q. at 472.

been strengthened by the extraordinary *inter partes* reissue proceeding in which all of the contentions raised by the defendant were rejected by the Office.⁶⁹

Various commentators subsequently suggested that this enhanced presumption approach would also be applicable to formal contested reissue proceedings.⁷⁰ Although two decisions after *Corometrics* tangentially supported its enhanced-presumption-of-validity approach,⁷¹ only

69. *Id.* at 470.

Historical support for a "strengthening" or "enhancement" of the presumption of validity based on the *ex parte* reexamination provided by 35 U.S.C.A. §§ 301-307 (West Sp. Supp. 1980) is found in the extension proceedings provided by statute prior to 1861. In describing the issues which had to be addressed during such a proceeding, Robinson stated:

The extension of an invalid patent is manifestly unjust and improper, whether the invalidity is due to the nature of its subject-matter or to incurable defects in the instrument itself. Upon an application for a prolongation of the monopoly this entire question may be examined, and if it is apparent that the patent ought not to have been originally granted it will not be renewed

In determining this question, however, the presumption is in favor of the validity of the original patent An extension in the face of opposition strengthens this presumption, and in its turn may be urged in favor of the patent in the courts.

3 W. ROBINSON, TREATISE ON THE LAW OF PATENTS § 839 (1890) (footnotes omitted).

In *Whitney v. Mowry*, 29 F. Cas. 1095 (No. 17,592) (C.C. S.D. Ohio 1867), a suit in equity was brought to restrain infringement of a patent which had been extended by the Office. Although the reported decision is unclear, it appears that the extension was *ex parte*, with no opposition from another party. 29 F. Cas. at 1096. In addressing the effect of successful extension, the court stated:

A patent which successfully undergoes this scrutiny, without any modification of the original claim and specification, has very strong presumptive claims to validity, as being both new and useful.

Id. at 1097.

In *Crown Cork & Seal Co. v. Aluminum Stopper Co.*, 108 F. 845 (4th Cir. 1901), the court commented favorably on the strengthened-presumption-of-validity approach:

Thereupon, followed some correspondence and interviews with the patent attorneys in Washington on the subject, and Painter filed his application for reissue December 26, 1895. . . . Keizer and Hall filed a protest against a reissue, and during two years the whole question was thoroughly discussed before the examiners and board of appeals in the patent office. An effort was made to defeat the original claims as well as that introduced by reissue. The learned counsel for the defendants, who testified as an expert in the case, bears testimony as to the great experience and competency of these officials; and while we do not go so far as to hold that their decision upon this point is conclusive, as some of the courts are manifestly inclined to do, we are of opinion that the decision of competent experts, made after a full hearing, where both sides had been represented by able counsel and not impeached by fraud or favoritism, has great persuasive force.

Id. at 859 (emphasis added).

70. See D. DUNNER, J. GAMBRELL & I. KAYTON, PAT. L. PERSP. § A.8[1] (1977 Dev.); Bjorge, 35 USC 103; *The PTO, The Courts and the Future*, 5 AM. PAT. L.A.Q. BULL. 137, 142-43 (1977); Dunner & Lipsey, *The New Reissue Practice*, 61 J. PAT. OFF. SOC'Y 68, 93-94 (1979); Rathbun, *The New Inter Partes Practice*, 5 AM. PAT. L.A.Q. BULL. 224, 237-38 (1977); WALTERSCHEID & CAGE, *Jurisdiction of The Patent and Trademark Office To Consider The Validity of Issues Patents*, 61 J. PAT. OFF. SOC'Y 444, 453-56 (1979).

71. In *Choat v. Rome Indus., Inc.*, 203 U.S.P.Q. 549 (N.D. Ga. 1979), the court compelled the owner of the patent in suit to submit to a contested reissue proceeding. In commenting on the effect of the proceeding on the patent's validity, the court stated:

Further, patents are entitled to a statutory presumption of validity This presumption is premised upon the acknowledged expertise of the Patent Office and the rec-

recently have courts squarely addressed the effect of a contested reissue proceeding on the presumption of patent validity.

In *National Tractor Pullers Association, Inc. v. Watkins*,⁷² Watkins, the patent owner, was defending an action seeking a declaratory judgment of patent invalidity and noninfringement. He filed a reissue application under the new contested procedure and the court stayed proceedings. The plaintiff, National Tractor Pullers, was advised of the filing of the reissue application and filed a protest. There followed a long contested proceeding during which issues of patentability and fraud were raised before the Office. Watkins' patent was eventually upheld and reissued.⁷³

At trial, National Tractor Pullers raised substantially the same allegations against the validity of the patent that it had raised in the reissue proceeding. It offered no new evidence of prior art.⁷⁴ Additionally,

ognition that patent approval is a species of administrative determination supported by evidence A referral to the Patent Office of samples of the prior art not previously considered by it is consistent with the directives of the statutes and the case law Should plaintiff's patent-in-suit be denied reissue on the ground that no change in the claims of the patent is necessary by reason of the prior art raised, plaintiff will enjoy a strengthened presumption of validity.

Although this Court is not bound by a decision rendered by the Patent Office regarding reissue of plaintiff's patent-in-suit, directing reissue could in effect determine the question of validity subject to review by this Court, and end this litigation by making moot all other issues. . . .

Id. at 552 (citations omitted, emphasis added).

In *Kelley Mfg. Co. v. Lilliston Corp.*, 200 U.S.P.Q. 670 (E.D. N.C. 1978), the patent owner had submitted his patent to a reissue proceeding before the Office rules were changed to permit it to be contested. Nevertheless, the other party to the litigation was given the opportunity to provide some input to the examiner but did not do so. The patent was reissued. At trial, the other party charged the patent owner with fraud and misconduct in the course of the reissue proceeding. The court prohibited the other party from going forward with those charges, stating:

Kelley had knowledge of the Lehman reissue application. Defendant agreed to allow Kelley access to the application file and proceedings during prosecution; and, in fact, defendant furnished Kelley with copies of all documents submitted to and received from the Patent Office. *Although Kelley had the opportunity, it chose not to participate and did not submit any prior art references or attempt to explain defendant's "interpretation of the claims." It cannot now be heard to complain that defendant brought over 270 items of prior art to the prosecution of the '271 reissue or that defendant didn't explain its "claim interpretation." . . .*

Plaintiff's allegation that the date on which the supposed defect in the '387 patent was discovered was misrepresented to the Patent Office is not supported by the record There is no showing of any intentional misrepresentation, bad faith, gross negligence or reckless disregard of counsel's duty. *Kelley remained silent throughout the reissue proceedings and now cannot be heard to complain.*

200 U.S.P.Q. at 692-93 (emphasis added). See also D. DUNNER, J. GAMBRELL & I. KAYTON, PAT. L. PERSP. § A.8[1] (1979 Dev.). The correctness of this decision is questionable, given that the concepts of *res judicata* and collateral estoppel require that a proceeding comply with a high standard of adversariness before its outcome will be accorded binding effect. See text accompanying notes 51-56 *supra*.

72. 205 U.S.P.Q. 892 (N.D. Ill. 1980).

73. *Id.* at 901-04.

74. *Id.* at 904.

the Association raised the same defense to Watkins' counterclaim for infringement that it had raised with the Office.⁷⁵ Stating that it would uphold the Office's decision in a contested reissue proceeding absent a "thorough conviction supported by clear and convincing evidence that the decision was erroneous," the court held that the Watkins' patent was valid and that it had been infringed.⁷⁶

In announcing its "thorough conviction" test, the court relied directly on *Morgan v. Daniels*.⁷⁷ There, the issue of priority of invention had arisen between two patent applicants. In establishing the effect of the Office's determination on subsequent litigation, the United States Supreme Court held that the Office's decision was to be controlling unless contrary evidence carried a "thorough conviction."⁷⁸ Although the *Morgan* rule was couched in terms of questions of fact,⁷⁹ the *National Tractor Pullers* court expanded its scope to include patent validity determinations in contested reissue proceedings.

In effect, the *National Tractor Pullers* court held that a successful contested reissue proceeding greatly strengthens the presumption of validity that attaches to an issued patent.⁸⁰ Although the direct application of *Morgan v. Daniels* may be questionable,⁸¹ the court's approach in requiring a higher standard of proof was innovative even though it

75. *Id.* at 910.

76. *Id.* at 911.

77. 153 U.S. 120 (1894).

78. *Id.* at 125. The Court stated:

[I]t must be laid down as a rule that where the question decided in the Patent Office is one between contesting parties as to priority of invention, the decision there must be accepted as controlling upon that question of fact in any subsequent suit between the same parties, unless the contrary is established by testimony which in character and amount carries thorough conviction.

Id.

79. The Court characterized the litigation that followed the Office's determination of invention priority as "a controversy between two individuals over a question of fact which has once been settled by a special tribunal, entrusted with full power in the premises." *Id.* at 124. See also note 79 *supra*.

80. 205 U.S.P.Q. at 910-11.

81. In addition to the issue that the rule of *Morgan* is limited to questions of fact, significant differences exist between the interference proceeding considered in *Morgan* and a contested reissue proceeding. In an interference proceeding, both parties may file briefs, file motions, participate in a hearing and seek review of the Office's decision. See 37 C.F.R. §§ 1.201-.287 (1980). In contrast, the role of a protester in a contested reissue proceeding is quite limited. See text accompanying notes 43-46 *supra*.

The *National Tractor Pullers Ass'n* holding is also suspect in view of its conflict with *Chicago Rawhide Mfg. Co. v. Crane Packing Co.*, 523 F.2d 452 (7th Cir. 1975). There, Mr. Justice Stevens, then Circuit Judge Stevens, writing for the court, stated that:

There are two aspects to the presumption of validity. First, as a matter of procedure, § 282 places the burden of persuasion on the party attacking the validity of the patent. This burden remains upon the alleged infringer throughout the proceeding and is in no sense dependent on the character of the proceedings before the Patent Office or

echoed the rationale of *Corometrics Medical Systems v. Berkeley Bio-Engineering, Inc.*⁸² By utilizing this approach, the court was able to accord considerable weight to the outcome of a reissue proceeding without having to meet the requirements of *res judicata* or collateral estoppel. *Pic, Inc. v. Prescon Corp.*⁸³ had shown that it was not possible for the contested reissue proceeding in its present form to meet these requirements.⁸⁴

Decisions subsequent to *National Tractor Pullers* have rejected its approach of finding a strengthened presumption of validity for a reissued patent by requiring a high level of proof. In *Bally Manufacturing Corp. v. Parker*,⁸⁵ Bally sought a restraining order instructing the Office to terminate examination of Bally's reissue application. Newly uncovered unpublished prior art was submitted by the reissue protestors and Bally wanted the reissue proceeding suspended until the Office promulgated rules with respect to the treatment of such protester-supplied prior art. The district court denied the petition for the injunction on the ground that Bally had failed to await final Office action and to exhaust administrative appeals before suing in federal court.⁸⁶ In dicta, the court added that Bally had failed to show irreparable harm because the outcome of the reissue proceeding was not binding on the pending litigation. The court noted that the weight to be accorded the outcome of the reissue proceeding depended solely on the trial court's discretion.⁸⁷

On appeal, the Fourth Circuit affirmed the district court's refusal

the amount of prior art cited to, or considered by, the Patent Examiner. In its first aspect, the presumption is constant.

There is an additional aspect to the presumption which relates to the deference due to the technical expertise possessed by the Patent Office and not generally possessed by federal judges. Notwithstanding the *ex parte* character of the normal Patent Office prosecution, if it appears that the prior art which is cited to establish invalidity in a judicial proceeding had already been considered by the Patent Office, the burden of overcoming the presumption of validity then rests heavily on the person attacking the patent. He must make a "clear and cogent" showing in order to prevail.

The presumption, however, never becomes so strong that a patent is completely unassailable. *A demonstration that the art considered by the Patent Office is the same as the art considered by the court strengthens the presumption in the sense that it provides the justification for the requirement that invalidity be established by clear and convincing evidence, but such a demonstration is not also a bootstrap that lifts the presumption to a still higher level.*

Id. at 458 (emphasis added, footnote omitted).

82. 193 U.S.P.Q. 467 (N.D. Cal. 1977). For a discussion of the case, see text accompanying notes 66-69 *supra*.

83. 485 F. Supp. 1302 (D. Del. 1980).

84. See text accompanying notes 56-61 *supra*.

85. 207 U.S.P.Q. 117 (E.D. Va. 1979), *aff'd*, 629 F.2d 955 (4th Cir. 1980).

86. *Id.* at 118-19.

87. *Id.* at 119.

to grant the injunction on ripeness grounds. The court also confirmed in dicta that the outcome of the reissue proceeding would not be binding on the pending litigation.⁸⁸ In so doing, the court characterized the outcome of a reissue proceeding as in the nature of an advisory opinion, possibly entitled to great weight in subsequent litigation.⁸⁹ In two other decisions, courts have also spoken unfavorably of an enhanced presumption of validity for a reissued patent.⁹⁰

It may be seen, therefore, that the case law on the effect of a contested reissue proceeding on the presumption of validity in subsequent litigation is in turmoil. *National Tractor Pullers* found that the pre-

88. 629 F.2d at 960 n.7 ("The Illinois district court may find the decision of the examiner helpful, but it will not be bound thereby.") (citation omitted).

89. *Id.* at 957-58. The court characterized the reissue procedure as permitting "a patentee to use the reissue process to obtain an advisory opinion as to the validity of his patent." *Id.* The court also noted:

Since reissue applications can be granted only where the original patent is wholly or partly inoperative or invalid, 35 U.S.C. § 251, filing a reissue application subjects the original patent to the patent examiner's expert determination of validity in light of the new prior art. A reissue rejection, whether based on the finding of the examiner that the original patent is entirely valid or on his finding that the reissue claims do not describe a patentable invention, is purely advisory. The examiner's expert opinion may carry substantial weight in an infringement action involving the same patent and prior art.

Id. at 958 (footnote omitted).

A similar opinion as to the advisory nature of the outcome of a reissue proceeding on subsequent litigation was expressed by the court in *Pic, Inc. v. Prescon Corp.*, 485 F. Supp. 1302 (D. Del. 1980):

However, while the PTO has consistently emphasized the goals of prompt examination of reissue applications and improved quality and reliability of issued patents in connection with the new regulations, it has never suggested an intention to replace the courts in determining issues of patent validity. Indeed, in connection with a proposal to provide a procedure whereby any member of the public could bring prior art patents and publications to the attention of the PTO and have the PTO rule on the validity of an issued patent in view of this information, the PTO has expressly stated, "[c]ourts would not be bound by advisory opinions. The ultimate decision as to validity would, under existing law, remain with the court. Under the proposal, however, the court would have an opportunity to consider the Office's opinion on prior art that the court otherwise would be called upon to evaluate in the first instance."

Id. at 1311 (emphasis added, citations omitted). The *Pic* court also noted that the protester's participation in the contested reissue proceeding had created no enhancement of the burden of proof on the infringement defendant and that no "clearly erroneous" standard was to be applied to the Office's decision. *Id.* at 1313.

90. In *Mooney v. Brunswick Corp.*, 489 F. Supp. 544 (E.D. Wis. 1980), the patent in suit was reissued and plaintiff maintained that the presumption of validity should be enhanced. In refusing to accept plaintiff's enhancement plea, the court stated:

To determine whether the presumption of validity should be strengthened, the Court need not reach the validity of defendant's arguments because, from its understanding of the law in the Seventh Circuit, the statutory presumption can never be enhanced. The factors raised by the plaintiff and defendant alike are relevant only in the determination of whether the presumption as set by statute is dissipated to any extent.

Id. at 554.

See also *Unidisco, Inc. v. Schattner*, 210 U.S.P.Q. 622 (D. Md. 1981), where the court refused to stay a declaratory judgment suit pending completion of a reissue proceeding, in large part due to the unsatisfactory level of protester participation possible and to the lack of a "clearly erroneous" level of deference attaching to any Office findings relating to validity.

sumption of validity was strengthened for a reissued patent, requiring a higher standard of proof. *Bally* noted that any strengthening of the presumption was discretionary with the trial court. Other courts have split on whether any strengthening of the presumption occurs.⁹¹

Given that some courts have described the effect of a contested reissue proceeding on subsequent litigation in terms of a strengthening of the patent's presumption of validity, this suggests that such an approach might also be utilized to describe the effect of a reexamination on subsequent litigation. An analysis of the circumstances under which the presumption of validity arises thus becomes necessary to determine whether the reexamination procedure can give rise to the presumption. This analysis could also serve to avoid the type of judicial confusion with respect to the presumption of validity that presently exists for contested reissue proceedings.

REEXAMINATION AND THE PRESUMPTION OF VALIDITY

The presumption of validity arises most strongly where the pertinent prior art has been actively considered by the Office.⁹² Such consideration is generally given in the course of a contested interference proceeding.⁹³ Although the presumption of validity arises over perti-

91. *Compare* *Choat v. Rome Indus., Inc.*, 203 U.S.P.Q. 549 (N.D. Ga. 1979); *Kelley Mfg. Co. v. Lilliston Corp.*, 200 U.S.P.Q. 670 (E.D. N.C. 1978) (presumption of validity enhanced), *with* *Mooney v. Brunswick Corp.*, 489 F. Supp. 544 (E.D. Wis. 1980) (presumption not enhanced). For a discussion of these cases, *see* notes 71 & 90 *supra*.

92. *See, e.g.*, *Aluminum Co. of Am. v. Amerola Products Corp.*, 552 F.2d 1020, 1024 (3rd Cir. 1977); *Scaramucci v. Dresser Indus., Inc.*, 427 F.2d 1309, 1313 (10th Cir. 1970); *TSC Indus., Inc. v. Int'l Harvester Co.*, 406 F.2d 53, 57 (7th Cir. 1968).

The presumption of validity is also strengthened when the prior art relied on to show patent invalidity in subsequent litigation was considered by the Office. *Ortho Pharmaceutical Corp. v. American Hospital Supply Corp.*, 534 F.2d 89, 93-94 (7th Cir. 1976); *Marston v. J. C. Penney Co.*, 353 F.2d 976, 982 (4th Cir. 1965); *Neff Instrument Corp. v. Cohn Electronics, Inc.*, 298 F.2d 82, 86-87 (9th Cir. 1961); *Admiral Radio Corp. v. Zenith Radio Corp.*, 296 F.2d 708, 712 (10th Cir. 1961).

The strength of the presumption varies, of course, with the substance of the assertion by the patentee or alleged infringer. *See* *Tee-Pak, Inc. v. St. Regis Paper Co.*, 491 F.2d 1193, 1196 (6th Cir. 1974); *Bowser, Inc. v. United States*, 388 F.2d 346, 349 (Ct. Cl. 1967).

93. *See, e.g.*, *RCA v. Radio Engineering Laboratories, Inc.*, 293 U.S. 1, 3-5, 7 (1934) ("A patent regularly issued, and even more obviously a patent issued after a hearing of all rival claimants, is presumed to be valid until the presumption has been overcome by convincing evidence of error."); *Hildreth v. Mastoras*, 257 U.S. 27, 32 (1921) ("The presumption of priority and novelty which arises from the granting of a patent must have greatly increased weight when the claim of the inventor is subjected to such close and heated scrutiny under the stimulus of a heated contest."); *Panduit Corp. v. Stahl Bros. Fibre Works, Inc.*, 430 F.2d 221, 222, 225 (6th Cir. 1970); *Blaw-Knox Co. v. Hartsville Oil Mill*, 394 F.2d 877, 880 (4th Cir. 1968); *Huck Mfg. Co. v. Textron, Inc.*, 187 U.S.P.Q. 388, 395-96, 407 (E.D. Mich. 1975); *Columbia Broadcasting System v. Sylvania Products*, 294 F. Supp. 468, 479 (D. Mass. 1968).

However, mere involvement in an interference is not in and of itself sufficient to strengthen the presumption; the actual nature of the specific interference activities and adjudications must be

nent prior art that has been brought to the attention of the Office, the presumption is weakened if the art is not discussed or cited in the Office's decision.⁹⁴ The presumption does not arise over prior art not brought to the Office's attention.⁹⁵

The reexamination procedure attempts to preserve the presumption of validity by permitting the Office to consider pertinent prior art that has been uncovered after the patent has issued. In this manner, the newly uncovered reference is deprived of its otherwise debilitating effect on the presumption of validity in litigation.⁹⁶ However, the requirement of due consideration by the Office must be met before the presumption of validity arises over the newly uncovered prior art. To the extent that the present reexamination procedure fails to compel such due consideration, it inhibits the presumption of validity from arising and thus deprives the reexamination procedure of having any conclusive effect on subsequent litigation.

Reexamination On Finding A Substantial New Question of Patentability

The mere disclosure of a reference to the Office, together with its

considered, and must constitute the proper Office review of the art at issue to result in an enhancement of the presumption. *See* Forbro Design Corp. v. Raytheon Co., 532 F.2d 758, 761-62 (1st Cir. 1976) (insufficient showing of *Graham* patentability analysis; no indicia of Patent Office study of the specific litigated issues); *Himmel Bros. Co. v. Serrick Corp.*, 122 F.2d 740, 745-46 (7th Cir. 1941) (no enhancement where party to the interference conceded priority, and no final hearing occurred); *Mohasco Industries, Inc. v. E.T. Barwick Mills, Inc.*, 221 F. Supp. 191, 202 (D. Ga. 1963). *See also* *Modern Products Supply Co. v. Drachenberg*, 152 F.2d 203, 205 (6th Cir. 1945) (Board of Appeals reversal of examiner, "very rigorous contest" over issuance strengthened the presumption despite lack of involvement of other private parties); *Folberth Auto Specialty Co. v. Mayo-Skinner Mfg. Co.*, 292 F. 883, 891 (N.D. Ill. 1923); *National Sponge Cushion Co. v. Rubber Corp.*, 286 F.2d 731, 735 (9th Cir. 1961); *Aghnides v. S.H. Kress & Co.*, 140 F. Supp. 582, 584 (M.D. N.C. 1956).

An interference proceeding results where two pending applications, or a pending application and an issued patent, present claims to the same subject matter. An interference proceeding establishes entitlement to that subject matter by determining *inter partes*, between the conflicting claimants, who is the first or prior inventor of that subject matter. 35 U.S.C. §§ 135, 141, 146 (1976). *See generally* 1 CHISUM, *supra* note 9, § 2.04[7]; 3 *id.* §§ 10.01, .02[5], .03[1].

94. *See, e.g.*, *Gaddis v. Calgon Corp.*, 506 F.2d 880, 885 (5th Cir. 1975) ("[P]ertinent prior art not considered by the Patent Office weakens the presumption of validity . . ."); *Howe v. General Motors Corp.*, 401 F.2d 73, 78 (7th Cir. 1968); *Filmor Process Corp. v. Spell-right Corp.*, 404 F.2d 1351, 1353 (D.C. Cir. 1968).

95. *See, e.g.*, *Republic Indus., Inc. v. Schlage Lock Co.*, 592 F.2d 963, 972 (7th Cir. 1979) ("Furthermore, that presumption does not exist against evidence of prior art not before the Patent Office."); *Skirow v. Roberts Colonial House, Inc.*, 361 F.2d 388, 390 (7th Cir. 1966); *Felburn v. New York Cent. R.R. Co.*, 350 F.2d 416, 421 (6th Cir. 1965).

96. *See, e.g.*, *Globe Linings, Inc. v. Cornvallis*, 555 F.2d 727, 729 (9th Cir. 1977) ("Even one prior art reference not considered by the Patent Office may be sufficient to overcome the presumption."); *Robintech, Inc. v. Chemidus Wavin, Ltd.*, 450 F. Supp. 823, 823-33 (D. D.C. 1978), *aff'd*, 628 F.2d 142 (D.C. Cir. 1980).

presence in the file during an original application proceeding, is not *per se* equated with due consideration of that reference by the Office. The actual steps and procedures followed by the examiner with respect to the reference are considered by courts in determining whether due consideration has been given to a reference by the Office.⁹⁷

The close manner in which courts scrutinize the examiner's steps and procedures to determine whether the presumption of validity has attached is illustrated by *Ceco Corp. v. Bliss & Laughlin Industries, Inc.*⁹⁸ There, the district court refused to find a presumption of validity with respect to the Erwin patent, which was not cited by the Office during the prosecution of the original Cunningham patent in suit. In a reissue application filed to provoke an interference with another patent, the defendant's attorney had cited the Erwin patent to the Office. However, the attorney had not submitted a copy of the patent or a detailed discussion of the references and distinguishing elements of the claimed invention over that reference as required by the Manual of Patent Examining Procedures.⁹⁹ Noting that the mere citation of the Erwin patent to the Office was insufficient to infer that the examiner duly considered it and analyzed it, the court concluded that a presumption of validity did not arise over the Erwin patent. The court then proceeded to find the Cunningham patent invalid partly on the basis of the Erwin patent.¹⁰⁰ The Ninth Circuit affirmed, noting that there were no official actions or papers of the examiner from which it could have been inferred that he had ever acquired actual knowledge of the subject matter of the Erwin patent.¹⁰¹

Similarly, the court in *Lundy Electronics & Systems, Inc. v. Optical Recognition Systems, Inc.*¹⁰² found a considerable weakening of the presumption of validity with respect to a reference that had been, again, merely cited to the examiner but not cited by him in any of his

97. See, e.g., *Ropat Corp. v. West Bend Co.*, 382 F. Supp. 1030, 1034-35 (N.D. Ill. 1974) (patent cited by number only in preliminary amendment as one of 23 references; file history showed "check mark" next to reference; presumption weakened by failure of Office to cite reference); *Novelart Mfg. Co. v. Carlin Container Corp.*, 363 F. Supp. 58, 67 (D. N.J. 1973); *Worthington v. Southern New Jersey Newspapers, Inc.*, 323 F. Supp. 443, 462-63 (D. N.J. 1970).

98. 186 U.S.P.Q. 114 (C.D. Cal. 1975), *aff'd*, 557 F.2d 687 (9th Cir. 1977).

99. 186 U.S.P.Q. at 127. See MPEP, *supra* note 24, § 707.05(b). The court characterized the discussion of the Erwin patent as "rather cryptic," and particularly noted that it did not point out the patent's teaching of "telescoping U-shaped channel members in extension of a vertically extendable scaffold," which were critical to the alleged patentability of the Cunningham invention. *Id.*

100. *Id.* at 128.

101. 557 F.2d at 691.

102. 362 F. Supp. 130 (E.D. Va. 1973).

official actions or papers.¹⁰³ The court examined the validity of the patent in suit "independently and unaided by any presumption."¹⁰⁴ Also illustrative of the extent to which courts analyze the actions of an examiner is the fact that courts have split on whether the presumption of validity arises over prior art contained in classes and subclasses known to have been searched by the examiner but not specifically cited or discussed by him.¹⁰⁵

Thus, the steps and procedures followed by an examiner in a reexamination must also be considered to determine whether a reexamination gives rise to the presumption of validity over the newly cited prior art. The reexamination statute requires that 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 be provided to the Office.¹⁰⁶ The reexamination request must set forth the pertinency and manner of applying the cited prior art to every claim for which reexamination is requested and this explanation becomes part of the official file of the patent.¹⁰⁷ The new Rules of Practice further expand on the form and content of the request for reexamination and require that the request contain: (1) a statement pointing out each substantial new question of patentability based on prior patents and printed publications; (2) identification of every claim for which reexamination is requested, together with a detailed explanation of the pertinency and manner of applying the cited prior art to such claims, and, if appropriate, the requester may distinguish the patent's claims over cited prior art; and (3) a copy of the cited art, together with English translations of the necessary and pertinent parts of non-English language patents or printed publications.¹⁰⁸

The requirement that a reexamination request include a copy of the cited prior art, together with a detailed explanation of its pertinency, ensures that the examiner will duly consider the cited prior art and thus avoids this obstacle to the raising of the presumption of valid-

103. *Id.* at 142.

104. *Id.*

105. *See, e.g.,* E. I. duPont de Nemours & Co. v. Berkeley & Co., 620 F.2d 1247, 1266-67 (8th Cir. 1980) (presumption recognized); Panduit Corp. v. Burndy Corp., 517 F.2d 535, 538 n.2 (7th Cir. 1975); Minnesota Mining & Mfg. Co. v. Berwick Industries, 393 F. Supp. 1230, 1234-35 (M.D. Pa. 1975). *But see* Chicago Rawhide Mfg. Co. v. Crane Packing Co., 523 F.2d 452, 458 (7th Cir. 1975) (presumption not recognized); Borden, Inc. v. Occidental Petroleum Corp., 381 F. Supp. 1178, 1202 (S.D. Tex. 1974); American Tube & Controls, Inc. v. General Fittings Co., 287 F. Supp. 673, 679-80 (D. R.I. 1968).

106. 35 U.S.C.A. § 301 (West Sp. Supp. 1980). For the language of this provision, see note 29 *supra*.

107. 35 U.S.C.A. § 302 (West Sp. Supp. 1980).

108. 37 C.F.R. § 1.510(b)(1)-(3) (1981).

ity as was the case in *Ceco* and in *Lundy Electronics*. However, those aspects of the reexamination procedure relating to other prior art decrease the likelihood that courts will recognize the presumption of validity as arising over the cited prior art.

Although the statute provides that a reexamination be conducted according to the procedures established for the initial examination of a patent application,¹⁰⁹ the Office, in promulgating its rules, has acted contrary to the statutory directive. The reexamination procedure differs from the original application procedure in the critical areas of the scope of the search through the collections of prior art materials maintained by the Office, and in the application of all pertinent prior art of record to the reexamined claims.

The difference in the scope of the search of the two procedures was highlighted by Acting Commissioner of Patents Tegtmeyer, speaking for the Office in the final promulgation of the rules covering reexamination. Acting Commissioner Tegtmeyer stated:

Although no complete new search by the examiner is required, the use of patents and printed publications in addition to those submitted by the requester is clearly indicated

While it is not intended that the examiners will routinely complete a new search when conducting reexamination, the examiners will be free to, and will, very likely, conduct additional searches and cite and apply additional prior patents and publications when they consider it is appropriate and beneficial to do so.¹¹⁰

His hopeful comment that examiners can and will conduct additional searches and cite and apply additional prior art is an unrealistic view of the current capabilities of the Patent and Trademark Office. Examiners are presently swamped by filings, beset by inadequate, antiquated, and incomplete search facilities and informational sources and are held to quality and performance standards in which elapsed time and application disposals are emphasized.¹¹¹ Under the Office rules and with such operational conditions, it is unlikely that a full prior art search of the type done for any original application will ever be conducted as part of a reexamination.

The second difference between the reexamination and original application procedures involves the extent to which other pertinent prior

109. 35 U.S.C.A. § 305 (West Sp. Supp. 1980).

110. 1007 OFFICIAL GAZ. PAT. OFF. 30, 32, 34 (1981).

111. See, e.g., SENATE COMM. ON THE JUDICIARY, THE EXAMINATION SYSTEM IN THE U.S. PATENT OFFICE, 86th Cong., 2d Sess. (1961), reprinted in 2 RESEARCH STUDIES IN PATENT LAW (Hein 1969).

art of record will be applied to the reexamined claims. When deciding whether a substantial new question of patentability exists, 37 C.F.R. § 1.515(a) permits consideration of other patents or printed publications, but does not require it insofar as prior art not relied upon in the request is concerned.¹¹² It is possible that examiners may rely on this aspect of the reexamination procedure to concentrate the reexamination too directly on just the newly cited references and to ignore prior art previously made of record in the prosecution but not relied on in the request.

These two differences between the original application procedure and a reexamination lead to the possibility that the reexamination procedure will be found insufficient as a patentability analysis. The three-part *Graham* analysis *cannot* be carried out without having a true picture of the complete scope and content of the pertinent prior art.¹¹³ The addition of a new reference has the potential for altering the importance of information which the original application search was directed to seek out. It may indicate a completely new area of inquiry or that previously disregarded prior art has relevance as a secondary teaching.

Unless a plenary search and consideration of all of the prior art of record on reexamination is shown to be unnecessary to identify the pertinent prior art and to distinguish the claimed subject matter from that art, a court asked to recognize the statutory presumption of validity over newly cited prior art may well refuse to find that the presumption has arisen. A court would base its refusal on a deficient application of the Office's expertise to an incomplete record of the relevant prior art, where it viewed such expertise in terms of the regular procedures for examining original patent applications.

A reexamination requester can take steps to avoid this potential difficulty. The requester can effect a prior art search in view of the newly cited prior art patents and publications and supply a statement of the results of the search to the Office. That statement should relate the claims at issue in the reexamination to all the relevant prior art patents or printed publications uncovered. Any 37 C.F.R. § 1.515(a) statement should also relate the new references to *all* of the prior art previously of record, separately and in any reasonable combination, which would include both references cited by the examiner and references supplied through a prior art statement accompanying the original

112. 37 C.F.R. § 1.515(a) (1981); 1007 OFFICIAL GAZ. PAT. OFF. 30, 33 (1981).

113. See notes 9-15 *supra*.

application.¹¹⁴

The more thorough the reexamination procedures are made with respect to the consideration of all the pertinent prior art, the more likely it is that a trial court will find a proper application of the *Graham* standard of patentability by the Office. This thoroughness would assure judicial recognition of the presumption of validity over the newly cited prior art references, and hence, enhance the presumption of validity attaching to the patent for purposes of any subsequent litigation. Conversely, if a patent is found invalid upon reexamination, the likelihood that the Office's decision will be upheld upon judicial review would also be strengthened by evidence of thoroughness on the part of the Office's due consideration of all the pertinent prior art.

Denial of Requests for Reexamination

The sole statutory criteria for determining whether to grant a reexamination request is whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request.¹¹⁵ The Office rules reiterate that this determination will be made with reference to the prior art cited in the reexamination request, with or without consideration of other patents or printed publications.¹¹⁶ Although the Office rules do provide for a statement by the requester pointing out each substantial new question of patentability, along with a detailed explanation of the pertinency and manner of applying the cited prior art to every claim for which reexamination is requested,¹¹⁷ the satisfaction of those provisions apparently can be met

114. See 37 C.F.R. § 1.530(c) (1981).

115. 37 C.F.R. § 1.510(b)(1) (1981).

116. See UNITED STATES PATENT AND TRADEMARK OFFICE, SAMPLE CORRESPONDENCE FORMS, 4-8 (1981) (reexamination). These forms are samples only. They contain no requirement that a requestor supply anything other than simple conclusory statements. If these samples are representative of what the Office will accept as procedurally sufficient, denial of a determination under 37 C.F.R. § 1.515(a) (1981) on the explicit basis of failure to satisfy the requirements of 37 C.F.R. § 1.510(b)(1), (2) (1981) may never occur.

117. The fee arrangement for reexamination confirms the view that the "substantial new question" determination under 35 U.S.C.A. § 303(a) (West Sp. Supp. 1980) is *not* examination or reexamination. 37 C.F.R. § 1.21(x) (1981) provides for payment of a \$1,500 fee "[t]o file a request for reexamination." See 1007 OFFICIAL GAZ. PAT. OFF. 2 (1981); 37 C.F.R. § 1.510(a) (1981). When no "substantial new question" is found, part of that fee is returned. 37 C.F.R. §§ 1.26(c), 1.515(b) (1981). In explaining why the refund provision was promulgated, Acting Commissioner of Patents and Trademarks Tegtmeyer stated:

Although a fixed fee system would be less complicated, it is felt that persons who have not received a reexamination in response to their request should not be required to pay the same amount as those who had the reexamination requested.

1007 OFFICIAL GAZ. PAT. OFF. 3 (1981).

rather easily and without reference to other art already of record.¹¹⁸ The potential thus exists for a deliberate broad-brush treatment of a newly cited reference whose effect may be subtle but significant on the patentability of the claims of the patent for which reexamination is requested.

Thus, courts can be expected to view critically the assertion that the presumption of validity exists over prior art cited in a request for reexamination which has been denied. The reexamination request procedure can be markedly narrower in scope than the original application procedures and, hence, be found not to constitute a due application of the Office's expertise from which the presumption of validity arises.¹¹⁹

To maximize the possibility that the presumption of validity will be recognized over prior art cited in a reexamination request, it would be advantageous, if not necessary, to conform the reexamination request procedure with the original application procedure as much as possible. Unfortunately, the Office has done exactly the opposite. A determination of the presence of a "substantial new question of patentability" strictly on the basis of prior art cited in the reexamination request, irrespective of the presence in the file of other prior art, will prevent the presumption of validity from arising over the newly cited prior art. Additionally, such a determination may be violative of the *Graham* patentability standards that demand consideration of all the available pertinent prior art.¹²⁰ The Office may aid in raising the presumption of validity over prior art cited in a denied reexamination request by vigorously insisting on an explicit and detailed statement on the extent of the prior art search conducted and the differences between the pertinent prior art found and the claims at issue.¹²¹ The Office could also withdraw Acting Commissioner Tegtmeyer's comment¹²² and order examiners to determine whether a "substantial new question of patentability" exists in view of *all* of the prior art of record.

118. See text accompanying notes 9-15 *supra*.

119. If the requester is not the patent owner, a tendency to provide the minimum information necessary to satisfy 37 C.F.R. § 1.510 (1981) will be expected if the newly cited prior art is other than clearly anticipatory. Such a stance will maximize the requestor's later arguments in court that no presumption should attach to the references he cited if the request is denied. It, therefore, becomes incumbent upon the Office to require a thorough prior art search and a detailed discussion of the similarities between the prior art and the claims of the patent at issue.

120. Acting Commissioner Tegtmeyer spoke in favor of a narrow prior art search by reexamination request examiners. See note 117 *supra*.

121. 35 U.S.C.A. § 303(a) (Sp. Supp. 1980). See note 33 *supra*.

122. 1007 OFFICIAL GAZ. PAT. OFF. 30, 33 (1981).

SUGGESTED IMPROVEMENTS TO THE STATUTE AND RULES

The present reexamination procedure differs significantly from an original *ex parte* examination procedure. As discussed earlier, the required content of a reexamination request and the scope of prior art considered in a reexamination fall far short of the amount of prior art information that is sought out and considered in processing an original application for a patent. The preceding analysis has shown that this difference may well cause courts to refuse to recognize the presumption of validity as arising over newly cited prior art that has been considered in a reexamination.

The Office rules concerning both the requester's statement and the patent owner's statement, if they are different parties, should be amended to require consideration of all the prior art of record and not just the newly uncovered prior art that gave rise to the reexamination request. The requester should be required to conduct a new or updated search, in light of the newly uncovered prior art, and include the results of that search, along with copies of all the pertinent references, in his request.¹²³ No requirement for such an extensive search presently exists. The requester should also be required to compare the claims at issue with all the pertinent prior art and to analyze the differences that support his position. Presently, it is up to the requester's discretion whether to make such a comparison and analysis and present it to the Office.¹²⁴ Although a patent owner is required to compare and analyze his patent in view of the newly uncovered prior art if he files a statement with the Office,¹²⁵ he should be required to consider all the pertinent prior art of record in making his comparison and analysis.

Examiners should also be required to explicitly state the reasons for denying a reexamination. The denial should include a complete list of all the prior art considered by the examiner as well as detailed reasons why no substantial new question of patentability exists. A further search by the examiner would be generally unnecessary if a further search was conducted by the requester as proposed, but if the examiner conducts a further search, his statement should mention that fact, setting out all the specific references reviewed.

Presently, a review of a denial of a reexamination request may be obtained only by a petition to the Commissioner.¹²⁶ To instill more

123. See MPEP, *supra* note 24, § 708.02 for a discussion of the scope that such a search would take.

124. See 37 C.F.R. § 1.510(b)(2) (1981).

125. See 37 C.F.R. § 1.530(c) (1981).

126. See note 34 *supra*.

certainty in the refusal decision, an internal Quality Review¹²⁷ should be undertaken by the Office for most, if not all, denials where the patent owner is the requester. The fact of such review should also be made of record in the case. If a denial is found questionable, the reexamination request should then be reviewed by a different examiner.¹²⁸ The Office Solicitor might serve as an ombudsman for the public in lieu of the patent owner requester on this second review if it appears that a better application of the newly cited art could be formulated. Such action by the Solicitor would be consistent with the Commissioner's power to initiate a reexamination without a request.¹²⁹

These proposed changes would not significantly increase the workload of the Office. If the requester is required to complete a thorough prior art search before filing the reexamination request, Office delay should be minimal. Use of the Quality Review procedure for denials of patent owner requests, if too cumbersome and time consuming, might be replaced by a Group Director review, or a review by the Solicitor or the Assistant Commissioner for Patents. The statutory three month limitation on the processing of a reexamination request¹³⁰ would require making an initial decision in two months, so as to leave thirty days for some type of review. Conceivably, the review time might be reduced to twenty days, a standard period for action in the Office rules. Alternatively, Congress could be approached to extend the three month period an additional month in order to permit adequate consideration of a request and review of the Office's tentative response.

These proposed changes would impart to the reexamination procedure those characteristics of the original application procedure that are necessary for the presumption of validity to arise. As such, these changes would permit the presumption of validity to arise over newly cited prior art which was found not to raise a substantial new question of patentability.

The procedure for conducting a reexamination can most directly be improved by requiring that all of the prior art of record should be considered, and that such consideration should be explicitly made of record. The examiner should be afforded the time to conduct additional prior art searches and should be encouraged to exercise his discretion in initiating these searches. Again, requiring the requester to

127. See MPEP, *supra* note 24, § 1308.03.

128. See 37 C.F.R. § 1.525(a) (1981).

129. See note 31 *supra*.

130. 35 U.S.C.A. § 303(a) (West Sp. Supp. 1980). See 37 C.F.R. § 1.515(c) (1981).

conduct a new search and present its result would aid greatly in assuring due consideration by the examiner of all the pertinent prior art.

An overall improvement of the reexamination procedure would be an explicit statement by Congress as to the exact legal consequence of a denial of a reexamination request or of a reexamination that finds a patent valid. If the statutory presumption of validity is to arise over newly cited prior art in denied requests, explicit statutory language to that effect should be enacted, and the conditions under which the presumption will arise should be set. It appears that a broad scope of prior art must be considered by the Office before the presumption of validity will arise so that this requirement should be incorporated in the statute. Failure to do so leaves open the question of whether the desired efficacy of the new reexamination procedure will be realized.

CONCLUSION

The new reexamination procedure provides a mechanism for eliminating the long-standing problem of attempting to assess the validity of an issued patent after a previously unknown prior art reference comes to light. However, the effectiveness of this mechanism appears to be seriously undermined by the uncertainty that presently exists as to the significance of the outcome of a reexamination request in subsequent litigation. The improvements suggested here are aimed at reducing this uncertainty by ensuring that the outcome of a reexamination request strengthens the presumption of validity that attaches to an issued patent. In this manner, the intent of Congress and the patent bar to streamline the patent system in order to bolster innovation in this country will be carried out.