

25 SEPTEMBER 2008

If a defendant fails to invalidate a patent in a lawsuit based on a certain "prior art" reference, can they recycle that "prior art" in a reexamination proceeding before the U.S. Patent and Trademark Office (PTO) to invalidate the same patent? According to the *In Re Swanson* case, recently decided by the U.S. Court of Appeals for the Federal Circuit, the answer is yes.

The issue in the *Swanson* case arose from a patent infringement lawsuit Abbott Laboratories brought against Syntron Bioresearch. Syntron counterclaimed that Abbott's patents were invalid in view of a patent issued to Deutsch et al. ("Deutsch"). A jury returned a verdict finding that Syntron had not infringed Abbott's patents and that it failed to prove, by the applicable clear and convincing evidence standard, that the claims were invalid. The Federal Circuit affirmed the jury's verdict on appeal.

Syntron then sought to have one of the patents in the lawsuit reexamined by the PTO. They filed a request for *ex parte* reexamination, raising Deutsch as the basis for initiating it with regard to certain of the claims (asserting Deutsch raised "a substantial new question of patentability"). The PTO granted Syntron's request and rejected certain claims of the patent as being "anticipated" (invalidated) by Deutsch. Abbott appealed the rejections to the PTO Board of Patent Appeals and Interferences. The Board affirmed not only the prior-art rejections, but also the PTO's threshold decision to reexamine the patent based upon Deutsch. Abbott's subsequent appeal to the Federal Circuit resulted in this case.

The Federal Circuit first rejected the proposition that, because the Deutsch patent was asserted as an invalidating reference in the prior lawsuit, it could not serve as a basis for initiating a reexamination before the PTO. Thus, the court found that Deutsch could be used to demonstrate the existence of a "substantial new question of patentability." In addition to examining an amendment to the reexamination statute and its legislative history, the court noted several important differences between PTO proceedings and those before a federal district court, namely: (1) differing standards for proving invalidity (the lower preponderance of the evidence standard in reexaminations compared with the clear and convincing evidence standard in court); (2) the lack of a presumption of validity for patents in PTO proceedings; and (3) the broader interpretation of claims in PTO proceedings than in court proceedings (thus, raising the bar for patentability). In view of these differences between the nature of the proceedings, the court did not believe Congress intended that a prior court judgment upholding the validity of a patent should prevent the PTO from reexamining a patent in view of an issue that had never been considered by the PTO.

The Federal Circuit also rejected the argument that, because Deutsch was previously considered by the PTO when the Abbott patent was first examined (and the patent eventually issued), Deutsch could not serve as the basis to challenge the patentability of the Abbott patent in a reexamination proceeding. The court stated that the amendments to the reexamination statute focused the inquiry on whether the *particular question* of patentability presented by the reference was previously evaluated by the PTO, not simply whether *the reference* was previously evaluated. Because the Deutsch patent was used in a more limited way in the earlier examination, the court found that the new application of Deutsch made in the reexamination request raised different issues for the PTO to consider and agreed with the PTO that a substantial new question of patentability had been raised.

*In Re Swanson* is predicted to invigorate the use of reexaminations as a post-litigation strategy to strike down patents where patent challengers are not successful in court. Although this is a viable option to defendants in patent infringement lawsuits, patent owners may see it as yet another way to devalue patents.