

# POST INVALIDATION REISSUE: AN UNDERUSED TOOL IN THE PATENT ARSENAL?

JOHN E. KIND<sup>1</sup>

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## I. INTRODUCTION

“Patents are the best and most effective means of controlling competition. They occasionally give absolute command of the market, enabling their owner to name the

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<sup>1</sup> Master of Physics, University of Leeds, 2004; Post Graduate Certificate of Secondary Education, Sheffield Hallam University, 2009; J.D. Candidate, University of New Hampshire School of Law, 2017. I would like to thank Professors Christopher Frerking and W. Nicholson Price, II, for their assistance in choosing this topic and helping to focus my ideas.

price without regard to the cost of production.”<sup>2</sup> For a business, patents that prevent competitors from competing with it are powerful tools. However, in the modern marketplace, the true value of patent portfolios is often realized in the form of substantial licensing revenues.<sup>3</sup> According to one survey, the average market price of a single patent is over \$280 thousand, with the most valuable patents selling for well over \$600 thousand.<sup>4</sup> If a business has an important patent invalidated, this equates to the loss of both a valuable asset as well as a potentially significant revenue stream.

As a result, the stakes in patent litigation are high. A typical patent lawsuit that goes to trial costs the plaintiff around \$5.5 million.<sup>5</sup> If the plaintiff wins, the rewards in damages and future royalties may be substantial. However, the court might also declare the patent invalid. In addition, defendants often initiate review of patents by the United States Patent and Trademark Office (“USPTO”) using reexamination or other post-grant review proceedings in anticipation of or response to the lawsuit. Given the value of patents, a mechanism for mitigating the harm caused by a declaration of invalidity would provide significant benefits.

This note argues that reissue proceedings at the USPTO provide such a mechanism, which is currently underused by patent holders. Reissue proceedings allow a

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<sup>2</sup> EDWIN J. PRINDLE, PATENTS AS A FACTOR IN MANUFACTURING 14 (1908).

<sup>3</sup> See Mayaan Perel, *An Ex Ante Theory of Patent Valuation: Transforming Patent Quality into Patent Value*, 14 J. HIGH TECH. L. 148, 179 (2014) (noting worldwide patent licensing revenues totaled approximately \$500 billion in 2007).

<sup>4</sup> IP OFFERINGS, PATENT VALUE QUOTIENT: THIRD QUARTER 2015 (2015).

<sup>5</sup> Mark A. Lemley, *Missing the Forest for the Trolls*, 113 Colum. L. Rev. 2117, 2126 (2013).

patent holder to correct errors in a patent that render the patent partially or wholly inoperative.<sup>6</sup> While the conventional use of reissue is for the correction of errors before litigation ensues (or at least before it concludes),<sup>7</sup> under certain conditions, patent holders can also use it to obtain narrower protection after a tribunal declares their broader claims invalid. This may provide particular value to patent holders for whom the size of their patent portfolio is important, as well as those in industries with high rates of new player entry.

Section II provides an overview of the possibility of obtaining a reissue patent in various invalidation scenarios. Next, Section III discusses strategic considerations regarding reissue proceedings and what intervening rights potential infringers accrue when a patent holder is going through such proceedings. Finally, Section IV provides conclusions and suggests conditions under which the patent holders currently underuse reissue proceedings.

## **II. AVAILABILITY OF REISSUE**

### ***A. General Requirements***

Reissue patents have been part of American patent law for a long time. The Patent Act of 1832 did not use the term, but provided statutorily for issuance of corrected patents for the first time.<sup>8</sup> This was essentially a codification of an earlier Supreme Court decision finding the cancellation and replacement of a defective patent valid where the defect

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<sup>6</sup> 35 U.S.C. § 251 (2012).

<sup>7</sup> See, e.g., Gaby L. Longworth et al., *Patent Armoring via Reissue Proceedings*, LAW360 (Sept. 16, 2014, 9:06 AM), <http://www.law360.com/articles/572654/patent-armoring-via-reissue-proceedings>.

<sup>8</sup> Patent Act of 1832, ch. 162, 4 Stat. 559, 559 (1832).

arose without deceptive intent.<sup>9</sup> The term reissue patent first appeared in the Patent Act of 1836, which clarified the procedure for obtaining such corrected patents.<sup>10</sup> In particular, the Act made reissue available for any patent that was “inoperative, or invalid, by reason of a defective or insufficient description or specification, or by reason of the patentee claiming . . . more than he had . . . a right to claim as new.”<sup>11</sup> However, the defect had to arise due to “inadvertency, accident, or mistake, and without any fraudulent or deceptive intention.”<sup>12</sup>

This basic standard for reissue has seen surprisingly little adjustment since 1836. Although the 1836 Act only explicitly allowed for adjusting the scope of a patent where the inventor claimed “more than he had a right to claim as new,”<sup>13</sup> the Patent Office and courts interpreted the law to allow broadening reissues as well as narrowing ones.<sup>14</sup> This was codified in the Patent Act of 1952, which requires broadening reissues to be filed within two years of issue, while allowing the patent holder to narrow the claims at any time during the lifetime of the patent.<sup>15</sup> Although several procedural details have been tweaked over the years,<sup>16</sup> the

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<sup>9</sup> Grant v. Raymond, 31 U.S. 218, 240–44 (1832).

<sup>10</sup> Patent Act of 1836, ch. 357, § 13, 5 Stat. 117, 122 (1836).

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> See *Ex Parte* Matthews and Race, 26 O. G., 823, 823–24 (1884) (noting that the requirement for prompt action is less strict for narrowing reissues than broadening reissues).

<sup>15</sup> Patent Act of 1952, Pub. L. No. 82-593, §§ 251–52, 66 Stat. 792, 808–09 (1952).

<sup>16</sup> See, e.g., MPEP § 1416 (9th ed. Rev. 7.2015, Nov. 2015) (noting that since October 21, 2004, physical surrender of a patent is not required for a reissue to be issued).

only other substantive change occurred in 2011, when the requirement that the defect arise without deceptive intent was removed from the statute.<sup>17</sup>

Thus, the current general standard for obtaining a reissue patent is:

Whenever any patent is, through error, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Director shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.<sup>18</sup>

The key requirements are that: (1) there was an error; (2) the patent is wholly or partly inoperative or invalid; and (3) the reason is a defective specification or drawing, or that the patent claims more or less than the patentee was entitled to claim. If issued, the reissue patent expires on the date the original patent was scheduled to expire. While broadening of the claims is allowed, no new matter may be added to the application (i.e., the broader claims must be supported by the original specification), and the patentee must request the broader claims within two years of issue of the original patent.<sup>19</sup>

The error requirement for initiating reissue proceedings has typically been construed broadly to cover a

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<sup>17</sup> Leahy–Smith America Invents Act, Pub. L. No. 112-29, § 20, 125 Stat. 284, 334 (2011).

<sup>18</sup> 35 U.S.C. § 251(a) (2012).

<sup>19</sup> *Id.* at § 251(d).

wide range of scenarios.<sup>20</sup> In addition to obvious defects such as incorrect values and formulas in the specification, reissue can also be used to correct failures to perfect priority claims.<sup>21</sup> Reissue can also be used to “add[] dependent claims as a hedge against possible invalidity of original claims.”<sup>22</sup> “Reissue applications thus offer patent owners the possibility of obtaining completely remodeled claim sets.”<sup>23</sup> However, reissue does not allow a patent holder to “recaptur[e] surrendered subject matter . . . in an attempt to ‘custom-fit’ the claim to a competitor’s product.”<sup>24</sup>

Nothing in the text of the statute suggests that obtaining remodeled claim sets becomes *per se* unavailable after a patent is declared invalid. In pertinent part, the statute recites “[w]henever any patent is, through error, deemed wholly . . . invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Director shall reissue the patent.”<sup>25</sup> If all of the claims of a patent are invalid, either the specification was defective or the claims were broader than those to which the applicant was entitled. Consequently, after an adverse decision ruling all of a patent’s claims invalid, the holder should be entitled to initiate reissue proceedings. If the error can be corrected

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<sup>20</sup> See *Parallel Litigation and Inter Partes Review: Don’t Forget About Reissue*, JONES DAY COMMENTARY (Jones Day, Cleveland, Ohio), Aug. 2014, at 2.

<sup>21</sup> *Id.*

<sup>22</sup> *In re Tanaka*, 640 F.3d 1246, 1249 (Fed. Cir. 2011).

<sup>23</sup> Jones Day, *supra* note 20, at 2.

<sup>24</sup> *Hester Indus. v. Stein, Inc.*, 142 F.3d 1472, 1483–84 (Fed. Cir. 1998); *but see In re Richman*, 424 F.2d 1388, 1392 (C.C.P.A. 1970) (“The statute imposes no restriction on the manner in which the defect in the patent is discovered.”).

<sup>25</sup> 35 U.S.C. § 251(a) (2012).

within the limitations of a reissue proceeding (e.g., the prohibition on adding new matter), the patent holder should be able to obtain a reissue patent. However, depending on the precise manner in which the patent was invalidated, other statutory provisions and equitable considerations may come into play.

Historically, there were two paths to invalidate a patent.<sup>26</sup> The first was a federal lawsuit, in the form of either a request for declaratory judgment of invalidity or as an affirmative defense in an infringement suit.<sup>27</sup> The second was to initiate a reexamination proceeding at the USPTO.<sup>28</sup> Prior to 1999, all reexamination proceedings were *ex parte* (meaning that although they could be triggered by third parties, only the patent holder and the patent office are directly engaged in the proceedings).<sup>29</sup> In 1999, Congress expanded reexamination proceedings to include an *inter partes* option (meaning the third party challenger can directly engage with the patent office to argue for patent invalidity).<sup>30</sup> In many cases, potential infringers pursued these two paths to patent invalidation in parallel.<sup>31</sup> In 2012, the America Invents Act replaced *inter partes* reexamination with a set of proceedings for challenging the validity of an issued patent: post grant review, *inter partes* review, and covered business method review (collectively “AIA post

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<sup>26</sup> John M. Augustyn, *Two Paths to Invalidate a U.S. Patent*, 159 CHI. DAILY L. BULL. 236 (Dec. 3, 2013).

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

<sup>29</sup> See MPEP § 2601 (9th ed. Rev. 7.2015, Nov. 2015).

<sup>30</sup> *Id.*

<sup>31</sup> Augustyn, *supra* note 26.

grant proceedings”).<sup>32</sup> The following sections discuss the implications for the availability of reissue proceedings of each of these paths to invalidity.

### ***B. Invalidation in Federal Court***

As described previously, the text of the statute suggests that reissue proceedings should be available after a court has invalidated the claims of a patent. After such a ruling, the patent is wholly invalid. The reason for the invalidity is that the applicant claimed more than he or she was entitled to: a correctable error.<sup>33</sup> However, some practitioners argue that reissue is per se unavailable once a final ruling of invalidity is issued by a court.<sup>34</sup> This section analyzes arguments as to why reissue might be unavailable, and demonstrates such an absolute conclusion is inconsistent with the case law.

The statute requires a patent holder to surrender the patent in order to obtain a reissue.<sup>35</sup> One could argue that once a patent has been declared invalid, there is nothing left to surrender. However, this is inconsistent with history and intent of the surrender requirement. “Patents shall be issued in the name of the United States of America, under the seal of the Patent and Trademark Office, and shall be signed by the Director or have his signature placed thereon and shall be recorded in the Patent and Trademark Office.”<sup>36</sup> Thus,

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<sup>32</sup> 35 U.S.C. §§ 311–29 (2012); Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18, 125 Stat. 284, 329–31 (2011).

<sup>33</sup> 35 U.S.C. § 251(a).

<sup>34</sup> See, e.g., Ronald A. Clayton, *Can a Patent Once Adjudicated to Be Invalid Be Resurrected?*, IP LITIGATOR, Jan. 2003, at 13, 16 (arguing the USPTO will not initiate reissue proceedings after a final holding of invalidity by the Federal District Court).

<sup>35</sup> 35 U.S.C. § 251(a).

<sup>36</sup> *Id.* § 153.



the patent is the physical document issued by the Patent Office.

This interpretation is supported by the history of the surrender requirement. Prior to October 21, 2004, applicants for reissues had to physically surrender the original ribbon copies of their patents before the application would be considered.<sup>37</sup> While physical surrender is no longer required,<sup>38</sup> this does not disturb the conclusion that the surrender requirement relates to the physical document, not just the corresponding legal rights. Thus, even if the claims are invalidated by a tribunal, the patent holder could still surrender the physical document to meet the surrender requirement if required.

Even if surrender of a legal right were required, an invalidated patent is not truly void in that it still has some legal effects. It serves as prior art against later filed patents and applications.<sup>39</sup> The patent holder may also retain some legal rights, such as the right to pre-arranged, uncontested royalty payments.<sup>40</sup> Consequently, the holder of an invalidated patent still has something of legal significance that can be surrendered.

Furthermore, there is substantial case law supporting the premise that reissue is available after a patent is invalidated by a federal court.<sup>41</sup> In *Moist Cold Refrigerator*

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<sup>37</sup> MPEP § 1416 (9th ed. Rev. 7.2015, Nov. 2015).

<sup>38</sup> *Id.*

<sup>39</sup> See 35 U.S.C. § 102 (declaring an applicant is not entitled to a patent if the invention was previously patented or described in a printed publication).

<sup>40</sup> See, e.g., *Go Med. Indus. Pty, LTD. V. Inmed Corp.*, 471 F.3d 1264, 1273 (Fed. Cir. 2006) (holding holder of an invalid patent was still entitled to royalties until the other party cancelled the contract).

<sup>41</sup> See, e.g., *Moist Cold Refrigerator Co. v. Lou Johnson Co.*, 217 F.2d 39 (9th Cir. 1954); *Rancourt v. Panco Rubber Co.*, 67 F.2d 790 (1st Cir.

*Co. v. Lou Johnson Co.*, the Ninth Circuit upheld the validity of a reissue filed after all claims of the original patent had been invalidated by another court.<sup>42</sup> The Seventh Circuit declared the patent invalid in February 1947,<sup>43</sup> and the Supreme Court denied certiorari in June of that year.<sup>44</sup> In invalidating the patent, the court relied heavily on the Supreme Court’s holding in *Halliburton Oil Well Cementing Co. v. Walker*, which prohibited claims “stated in terms of results [where the patent] failed adequately to describe the means by which the results would be obtained.”<sup>45</sup> Over a year later, the patent holder requested a reissue, which was granted in December 1948.<sup>46</sup> The Ninth Circuit upheld the validity of the reissue because “the failure of appellant to foresee the decision [invalidating the original patent] was an error through inadvertence or mistake within the sense of the reissue statute.”<sup>47</sup>

In *Moist Cold Refrigerator*, the court specifically referenced the surprise expressed by the patent bar after the *Halliburton* decision.<sup>48</sup> While this surprise was certainly a relevant factor in the court’s decision, it also concluded “it is by no means easy to determine whether or not a claim is functional, and ... [it] is far from simple to fix on

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1933); *Frink Co. v. Erikson*, 20 F.2d 707 (1st Cir. 1927); *United Carbon Co. v. Carbon Black Research Found.*, 59 F. Supp. 384 (D. Md. 1945).

<sup>42</sup> *Moist Cold Refrigerator Co.*, 217 F.2d at 42.

<sup>43</sup> *Refrigeration Patents Corp. v. Stewart-Warner Corp.*, 159 F.2d 972, 975 (7th Cir. 1947).

<sup>44</sup> *Refrigeration Patents Corp. v. Stewart-Warner Corp.*, 331 U.S. 834 (1947).

<sup>45</sup> *Moist Cold Refrigerator Co.*, 217 F.2d at 40 (citing *Halliburton Oil Well Cementing Co. v. Walker*, 329 U.S. 1 (1946)).

<sup>46</sup> *Id.* at 42.

<sup>47</sup> *Id.*

<sup>48</sup> *Id.*

phraseology for patent specifications and claims which will successfully resist attack.<sup>49</sup> “[W]here, as here, there was no fraud or deceptive intention, and the patentee claimed more as new than he was entitled to[,] such error was clearly due to that inadvertence, accident, or mistake in respect of which the statute was intended to afford relief.”<sup>50</sup> At a minimum, *Moist Cold Refrigerator* establishes that reissue is sometimes available for patents declared wholly invalid by a court.<sup>51</sup> It also suggests that, absent fraud or deceptive intent, having a patent invalidated for claiming more than that to which the applicant was entitled is an error correctable via reissue.<sup>52</sup>

The First Circuit has also confirmed there is no absolute bar on obtaining a reissue patent after a court invalidates a patent.<sup>53</sup> In *Rancourt*, the plaintiff’s original patent had been declared invalid in an earlier suit against the same defendant.<sup>54</sup> After that decision, he applied for and obtained a reissue, and then filed suit against the defendant again.<sup>55</sup> Although the court ultimately found the reissue invalid, it explicitly rejected a per se bar based on the invalidity of the original patent.<sup>56</sup> It reasoned that the reissue

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<sup>49</sup> *Id.* (quoting *Motion Picture Patents Co. v. Laemmle*, 214 F. 787, 794 (S.D.N.Y. 1914)).

<sup>50</sup> *Id.* (quoting *Motion Picture Patents Co.*, 214 F. at 794).

<sup>51</sup> *See id.*

<sup>52</sup> *See id.*

<sup>53</sup> *See, e.g.*, *Rancourt v. Panco Rubber Co.*, 67 F.2d 790, 792 (1st Cir. 1933); *Frink Co. v. Erikson*, 20 F.2d 707, 712 (1st Cir. 1927).

<sup>54</sup> *Rancourt*, 67 F.2d at 791.

<sup>55</sup> *Id.*

<sup>56</sup> *Id.*

included new claims, so “the issues under the reissue patent were not the same as under the original.”<sup>57</sup>

Similarly, in *Frink*, the original patent was declared invalid in court, and the patent holder obtained a reissue.<sup>58</sup> The reason provided to the patent office for requesting the reissue (i.e., the “error”) was the court’s ruling of invalidity.<sup>59</sup> After the Patent Office granted the reissue, a district court issued an injunction enjoining the patent holder from asserting it against various entities.<sup>60</sup> The appellate court vacated the injunction, in part because “a decision as to the validity of invalidity of the reissue patent requires a determination of other questions than the mere validity or invalidity of the initial patent.”<sup>61</sup> Courts in other jurisdictions have also concluded that there is no absolute prohibition on seeking reissue after a patent is declared invalid.<sup>62</sup>

While there is no per se bar on the availability of reissue after invalidation by a court, there are limitations. First, some older cases preclude reissue based on broad statements that the original patent did not describe a patentable invention.<sup>63</sup> For example, in *Penn Electric*, the original patent had been invalidated because it “[did] not disclose a patentable invention within the meaning of the

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<sup>57</sup> *Id.*

<sup>58</sup> *Frink*, 20 F.2d at 708.

<sup>59</sup> *Id.*

<sup>60</sup> *Id.* at 709.

<sup>61</sup> *Id.* at 712.

<sup>62</sup> *See, e.g.*, Thomson-Houston Electric Co. v. Western Electric Co., 158 F. 813, 816 (2d Cir. 1907).

<sup>63</sup> *See, e.g.*, Penn Elec. & Mfg. Co. v. Conroy, 185 F. 511, 514 (3d Cir. 1911); B. F. Goodrich Co. v. Am. Lakes Paper Co., 23 F. Supp. 682, 685 (D. Del. 1938).

law.”<sup>64</sup> The court held that reissue was unavailable in these circumstances because this “was not a case of insufficiency, overstating, inadvertence, or mistake of the original patent, but one of adjudicated invalidity for lack of patentable invention.”<sup>65</sup> In other words, the earlier court ruling was not just that the specific claims were invalid, but that the patent as a whole did not describe a patentable invention.

A similar approach is seen in *B.F. Goodrich*.<sup>66</sup> In that case, the inventor’s original patent had been invalidated on the ground that “his machine involved no patentable invention.”<sup>67</sup> The court reasoned that “a reissue patent for the same machine involving the same invention cannot avail the plaintiff in a new suit” where a court has already determined that the machine is not patentable.<sup>68</sup>

In sum, it is important for patent holders and practitioners to carefully consider the wording of court decisions that invalidate patents when determining whether reissue is available. If the prior decision merely declares the claims invalid, then reissue is likely available (subject to the additional limitations described below). In contrast, if the court holds that the patent does not describe a patentable invention, reissue will not be available.

In general, modern courts consider claims individually when adjudicating patent validity, rather than ruling on the patent as a whole.<sup>69</sup> Therefore, the kind of

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<sup>64</sup> *Penn Elec. & Mfg. Co.*, 185 F. at 513.

<sup>65</sup> *Id.* at 514.

<sup>66</sup> *B. F. Goodrich*, 23 F. Supp. at 684–86.

<sup>67</sup> *Id.* at 686.

<sup>68</sup> *Id.*

<sup>69</sup> See, e.g., *CLS Bank Int’l v. Alice Corp. Pty*, 717 F.3d 1269, 1288 (Fed. Cir. 2013), *aff’d*, 134 S. Ct. 2347 (2014); *800 Adept, Inc. v. Murex Sec., Ltd.*, 539 F.3d 1354, 1368 (Fed. Cir. 2008); *6A DONALD S. CHISUM*,

broad language that precluded reissue in *Penn Electric and B. F. Goodrich* is unlikely to present a problem today. However, patent holders and practitioners should be aware of the danger and consider the implications of the specific language used by the court in invalidating patents before concluding that reissue is available.

Even where broad invalidating language is not present, patent holders and practitioners should consider the impact of other equitable principles when deciding whether to seek reissue. Where a patent holder seeks to assert a reissue obtained after the original patent was declared invalid, courts have turned to laches to determine the validity of the reissue.<sup>70</sup> The 1952 Act introduced the requirement that broadening reissues be filed within two years of the issuance of the original, but the law is silent regarding narrowing reissues.<sup>71</sup> “[T]here is no express provision as to what will constitute undue delay in applying for a reissue.”<sup>72</sup> Although there have been several revisions to the patent statute since this statement was made, those revisions made only minor adjustments to the law of reissue.<sup>73</sup>

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CHISUM ON PATENTS: A TREATISE ON THE LAW OF PATENTABILITY, VALIDITY AND INFRINGEMENT §19.02 (Matthew Bender).

<sup>70</sup> See, e.g., *Thomson-Houston Elec. Co. v. W. Elec. Co.*, 158 F. 813, 816–18 (2d Cir. 1907) (holding a reissue invalid where there was a two-year delay between a first adjudication of invalidity and the request for reissue); *Milloy Elec. Co. v. Thompson-Houston Elec. Co.*, 148 F. 843, 845 (6th Cir. 1906) (holding a reissue invalid after a two-year delay); *United Carbon Co. v. Carbon Black Research Found.*, 59 F. Supp. 384, 400 (D. Md. 1945) (holding a reissue valid when filed less than thirty days after invalidation of the original patent); *Thomson-Houston Elec. Co. v. Sterling-Meaker Co.*, 150 F. 589, 596 (C.C.D.N.J. 1907) (holding a reissue invalid due to a delay of over two years).

<sup>71</sup> See *supra* Part II.A.

<sup>72</sup> *United Carbon Co.*, 59 F. Supp. at 400.

<sup>73</sup> See *supra* Part II.A.

In *Thomson-Houston v. Western*, the patent holder was litigating the same reissue patent in several jurisdictions.<sup>74</sup> In 1897, the Circuit Court of Appeals for the Second Circuit held certain claims of the reissue patent to be invalid for double patenting.<sup>75</sup> Rather than file for reissue immediately, the patent holder waited for litigation in the other jurisdictions to conclude.<sup>76</sup> The application for reissue was not filed until three years, two months, and seven days after the first ruling finding the claims were invalid.<sup>77</sup> The court held that any delay after the initial finding of invalidity was “at the [patent holder’s] peril . . . , [noting] it could apply for a reissue or continue the litigation, [but] it could not do both.”<sup>78</sup>

In contrast, in *United Carbon*, an application for reissue was filed within thirty days of the Supreme Court holding the original patent claims invalid.<sup>79</sup> Furthermore, “prosecution of the reissue application in the Patent Office proceeded in the usual manner.”<sup>80</sup> Consequently, the court concluded that “there was no delay or laches in applying for and obtaining the reissue patent.”<sup>81</sup>

Obviously, there is a wide window between the thirty days found to be acceptable in *United Carbon* and the period

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<sup>74</sup> See *Thomson-Houston Elec. Co. v. W. Elec. Co.*, 158 F. at 816; see also *Thomson-Houston Elec. Co. v. Sterling-Meaker Co.*, 150 F. at 590–93 (listing cases involving the reissue patent).

<sup>75</sup> *Thomson-Houston Elec. Co. v. W. Elec. Co.*, 158 F. at 814.

<sup>76</sup> *Id.* at 817.

<sup>77</sup> *Id.* at 815.

<sup>78</sup> *Id.* at 816–17.

<sup>79</sup> *United Carbon Co. v. Carbon Black Research Found.*, 59 F. Supp. 384, 387 (D. Md. 1945).

<sup>80</sup> *Id.*

<sup>81</sup> *Id.*

of over three years deemed unacceptable in *Thomson-Houston v. Western*. Generally, “in the absence of equitable considerations, an application for a narrowed reissue cannot be denied on the grounds of delay or lack of diligence.”<sup>82</sup> As laches is an equitable principle, “all of the facts and circumstances in each individual case must be weighed before determining whether or not the delay has been unreasonable.”<sup>83</sup> However, in *Thomson-Houston v. Western*, the court directed that “just regard for the rights of the public demanded [that] if the patent was to be resuscitated in the form of a reissue, [] it should be done immediately.”<sup>84</sup> Therefore, it would seem that, at least in the Second Circuit, the cutoff is likely to be much closer to the thirty day mark than the three year mark.

In sum, reissue is generally available after a patent is invalidated by a court. However, a patent holder should request reissue as soon as possible after first receiving notice of the invalidity of the original patent to avoid running afoul of the doctrine of laches. Patent holders and practitioners should also carefully consider the specific reasoning used by courts in invalidating patents to ensure that the holding does not preclude reissue.

### **C. *Invalidation by Reexamination***

Reexamination of an issued patent can be requested by anybody, including the patent holder.<sup>85</sup> On receiving such a request, the Patent Office determines whether it raises

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<sup>82</sup> *Ex Parte Lafferty, Tedeschi, & Zirkle*, 190 U.S.P.Q. (BNA) 202, 203–204 (B.P.A.I. 1975).

<sup>83</sup> *United Carbon Co.*, 59 F. Supp. at 400.

<sup>84</sup> *Thomson-Houston Elec. Co. v. W. Elec. Co.*, 158 F. 813, 817 (2d Cir. 1907).

<sup>85</sup> 35 U.S.C. § 302 (2012).



a substantial new question of patentability.<sup>86</sup> If there is a substantial new question of patentability, the issued patent enters reexamination proceedings.<sup>87</sup> As noted previously, reexamination proceedings are typically *ex parte*, although between 1999 and 2012, *inter partes* reexamination was also available.<sup>88</sup> However, these proceedings are no longer available, having been replaced by AIA post-grant proceedings,<sup>89</sup> and so they are not discussed further.

In general, reexamination is conducted in the same manner as the examination of the original patent.<sup>90</sup> The patent holder is free to amend the claims and submit new claims, except that the claims may not be broadened in reexamination proceedings.<sup>91</sup> Reexamination proceedings are also expedited under the Patent Office's "special dispatch" procedures.<sup>92</sup> At the conclusion of the proceedings, the Patent Office issues "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."<sup>93</sup> Where a reexamination certificate "cancels all claims of a patent, no further Office proceedings will be conducted with that patent or any reissue applications . . . relating thereto."<sup>94</sup> In other words, reissue is not available

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<sup>86</sup> *Id.* § 303.

<sup>87</sup> *Id.* § 304.

<sup>88</sup> *See supra* Part II. A.

<sup>89</sup> *See infra* Part II. D.

<sup>90</sup> 35 U.S.C. § 305.

<sup>91</sup> *Id.*

<sup>92</sup> *Id.*

<sup>93</sup> *Id.* § 307.

<sup>94</sup> 37 C.F.R. § 1.570 (2015).

after a patent is wholly invalidated in reexamination proceedings.

Initially, this may seem like an odd result. Why should reissue be available to resuscitate patents executed by a court, but not those killed quietly in reexamination proceedings? However, there are sound policy reasons for this distinction. In a court case, the patent holder is stuck with whatever claims are present in the patent. In contrast, in reexamination proceedings, the patent holder can freely amend and add new claims. If the patent holder cannot find a single claim that the Patent Office will allow, the resulting reexamination certificate cancelling all claims is akin to court opinions such as *Penn Electric* that stated the patent does not describe a patentable invention.

Another way to look at this is that the patent holder's opportunity to freely amend the claims during reexamination precludes a finding that the invalidity is due to an error that arose through inadvertence or mistake. Any claims the patent holder could include in a reissue application could also have been raised in the preceding reexamination. Therefore, it would be wasteful of resources to allow both reexamination and reissue proceedings in these circumstances.

#### ***D. Invalidation by AIA Post-Grant Proceedings***

As of August 14, 2012, *inter partes* reexamination has been replaced by AIA post grant proceedings.<sup>95</sup> These come in three flavors: post grant review, *inter partes* review, and covered business method review.<sup>96</sup> Post grant review is available to challenge all newly issued patents in a nine-

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<sup>95</sup> Leahy-Smith America Invents Act, *supra* note 17, Pub. L. No. 112-29, § 18, 125 Stat. at 329–31.

<sup>96</sup> *Id.*

month window beginning on the date of grant.<sup>97</sup> *Inter partes* review is available for all patents from the later of nine months after grant or the conclusion of a previously instituted post grant review.<sup>98</sup> Covered business method patent review is available only for certain business method patents, but can be filed at any time except when post grant review proceedings could be initiated.<sup>99</sup>

Essentially any grounds for invalidity (except failure to disclose best mode) can be raised in post grant review and covered business method review proceedings.<sup>100</sup> In contrast, during an *inter partes* review proceeding, patent validity can only be challenged for lack of novelty or obviousness.<sup>101</sup> However, apart from these differences, the three flavors of AIA post grant proceedings are conducted in largely the same manner.<sup>102</sup> For the purposes of evaluating the availability of reissue after an adverse decision in an AIA post grant review proceeding, the differences are not significant. Therefore, all three types of proceeding will be considered together from hereon.

There is not yet any case law on the topic of the availability of reissue after patent invalidation in AIA post grant proceedings. The Supreme Court recently granted certiorari for a challenge to an AIA post grant decision for the first time.<sup>103</sup> The Federal Circuit had previously held it lacked jurisdiction to review the Patent Trial and Appeals Board's decision to institute *inter partes* review, and upheld

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<sup>97</sup> 37 C.F.R. § 42.202.

<sup>98</sup> *Id.* § 42.102.

<sup>99</sup> *Id.* § 42.303.

<sup>100</sup> *Id.* §§ 42.204 & 42.304.

<sup>101</sup> *Id.* § 42.104.

<sup>102</sup> *See Id.* §§ 42.100–.304.

<sup>103</sup> *See* *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (2016).

the Board's decisions regarding claim construction, obviousness, and denying a motion to amend.<sup>104</sup> However, none of these issues speak to whether or not reissue is available after invalidation in AIA post grant proceedings. Given that patents must first be invalidated, then reissue sought, and then the validity of those reissues challenged in court, it is likely to still be some time before the question of whether reissue is available after invalidation in an AIA post grant proceeding is adjudicated in a federal court.

Despite the absence of case law, it is likely that reissue is available after a patent is invalidated in AIA post grant proceedings. Firstly, the AIA post grant review statute does not include an explicit prohibition on later reissue proceedings.<sup>105</sup> The statutory provisions require issuance of “a certificate canceling any claim of the patent finally determined to be unpatentable,” using almost identical language to that found in the rules governing reexamination.<sup>106</sup> However, unlike the reexamination rules, the statute contains no per se prohibition on further office proceedings.<sup>107</sup> Given that Congress apparently relied heavily on the reexamination rule regarding issuance of a certificate in drafting the corresponding provision of the AIA, the omission of the prohibition on further proceedings strongly suggests an intention for reissue to remain available.

Second, the policy considerations that support precluding reissue after reexamination are less pertinent with AIA post grant proceedings. Although the patent holder has

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<sup>104</sup> *In re* Cuozzo Speed Techs., LLC, 793 F.3d 1268, 1271 (Fed. Cir. 2015).

<sup>105</sup> *See* 37 C.F.R. §§ 42.100–304.

<sup>106</sup> *Compare* 35 U.S.C. § 318 (2012), *and* 35 U.S.C. § 328, *with* 37 C.F.R. § 1.570.

<sup>107</sup> *See* 35 U.S.C. §§ 311–29.

some ability to amend claims in these proceedings,<sup>108</sup> this ability is severely limited.<sup>109</sup> As of June 2015, only six motions to amend the claims in AIA post grant proceedings have been granted by the Patent Trial and Appeal Board.<sup>110</sup> This is primarily due to the Board requiring patent holders to demonstrate that “the proposed substitute claim is patentable over the prior art of record, and over prior art not of record but known to the patent owner.”<sup>111</sup> While some recent rulings have suggested that the standard may be loosening slightly, there is still a high bar for patent owners to overcome in getting motions to amend approved.<sup>112</sup> Furthermore, the patent holder is generally limited to a single claim amendment, and the amendments must respond to a rejection raised in the proceeding.<sup>113</sup>

In sum, unlike in reexamination, where there are ample opportunities to freely amend the claims, the patent holder’s ability to overcome rejections by amendment is severely hampered in AIA post grant proceedings. Consequently, a subsequent reissue application in which more liberal claim amendment is allowed would not necessarily be duplicative with the AIA post grant

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<sup>108</sup> 37 C.F.R. §§ 42.121, 42.221.

<sup>109</sup> See, e.g., Jennifer R. Bush, *Claim Construction and Amendment Procedure During PTAB Trials: Up for Comment*, MONDAQ BUSINESS BRIEFING (Sept. 4, 2015), <http://www.mondaq.com/unitedstates/x/424604/Patent/Claim+Construction+and+Amendment+Procedure+During+PTAB+Trials+Up+for+Comment> [https://perma.cc/M9X4-MZJ4].

<sup>110</sup> *Id.*

<sup>111</sup> *Idle Free Sys., Inc. v. Bergstrom, Inc.*, IPR2012-00027, 2013 Pat. App. LEXIS 6302, at \*9 (P.T.A.B. June 11, 2013).

<sup>112</sup> See, e.g., *MasterImage 3D, Inc. v. RealD Inc.*, IPR2015-00040, 2015 Pat. App. LEXIS 7152, at \*2–5 (P.T.A.B. July 15, 2015) (clarifying the standard for approving motions to amend).

<sup>113</sup> 37 C.F.R. §§ 42.121 & 42.221.

proceedings. While reexamination practice enables the patent holder to correct an error in the original patent, this is not necessarily the case under the strict requirements imposed by the Board in AIA post grant proceedings. However, patent holders and practitioners should consider whether the error they intend to cite in applying for reissue is one that was correctable in the AIA post grant proceedings. If it is, then the patent holder will likely be estopped from obtaining a reissue.<sup>114</sup>

### III. STRATEGIC CONSIDERATIONS

#### *A. Prosecuting a Reissue Application*

Initiating reissue proceedings in the Patent Office is only the first step for patent holders wishing to resuscitate invalidated patents. A reissue application is examined in the same manner as the original patent application.<sup>115</sup> The examiner is free to cite new references against the claims as well as reassert rejections that were dropped during prosecution of the original patent.<sup>116</sup> Importantly, in the case of a reissue filed after invalidation of the original patent in AIA post grant proceedings, the patent holder is explicitly estopped from pursuing claims that are not patentably distinct from the invalidated claims.<sup>117</sup> General principles of estoppel likely command a similar result after invalidation by a court.

Consequently, when filing a reissue application, the patent holder should include at least one substantial additional limitation in the claims to avoid estoppel. Assuming all of the original claims were invalidated in the

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<sup>114</sup> *Id.* § 42.73.

<sup>115</sup> *Id.* § 1.176.

<sup>116</sup> MPEP § 1445 (9th ed. Rev. 7.2015, Nov. 2015).

<sup>117</sup> 37 C.F.R. § 42.73.

earlier preceding, this means bringing in details from the specification that were previously not included in the claims. While the patent statute requires reissue claims to be directed to the same invention as the original patent,<sup>118</sup> modern courts interpret this as requiring only that “one skilled in the art, reading the specification, would identify the subject matter of the new claims as invented and disclosed by the patentees.”<sup>119</sup> Consequently, any inventive features described in the specification can potentially be imported into the claims during reissue proceedings. However, if the specification is relatively light on detail, or the claims already included all of the described features, reissue may not be a feasible option.

In sum, a significant factor in the attractiveness of seeking reissue after a patent is invalidated is the availability of additional disclosure in the specification that is adequate to support patentably distinguishable claims. If the new claims supported by the specification have sufficient scope to provide market value, or if the patent holder sees value just in having a valid patent, seeking reissue may be a good option.

### ***B. Intervening Rights***

In addition to the strategic considerations relating to the prosecution of reissue applications, patent holders and practitioners should also consider the impact of intervening rights. Intervening rights developed as an equitable doctrine

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<sup>118</sup> 35 U.S.C. § 251 (2012).

<sup>119</sup> *In re Amos*, 953 F.2d 613, 618–19 (Fed. Cir. 1991).

in case law, and were later codified by the Patent Act of 1952.<sup>120</sup> The current patent statute retains this principle.<sup>121</sup>

Intervening rights protect the interests of those who begin infringing activity before the reissue is granted.<sup>122</sup> In *Gerhardt*, the justification for intervening rights is explained in terms of the inequity that would result if a party who was not infringing a patent could suddenly become an infringer through a broadening reissue.<sup>123</sup> However, intervening rights also apply where the reissue claims are narrower than the original patent.<sup>124</sup> The only exception to intervening rights in the statute is for reissue claims that are “substantially identical” to a claim in the original patent.<sup>125</sup>

Parties gain intervening rights in two scenarios.<sup>126</sup> “Absolute” intervening rights are available to parties who began otherwise infringing activity before the reissue granted.<sup>127</sup> These rights are absolute in that the statutory language grants them to qualifying parties by right.<sup>128</sup> In contrast, “equitable” intervening rights are available at the court’s discretion to parties who engaged in substantial

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<sup>120</sup> See *Gerhardt v. Kinnaird*, 162 F. Supp. 858, 863 (E.D. Ky. 1958) (arguing that the Patent Act of 1952 emphasized the availability of intervening rights as a defense).

<sup>121</sup> See 35 U.S.C. § 252.

<sup>122</sup> See, e.g., *Gerhardt*, 162 F. Supp. at 863 (explaining that reissue cannot equitably be used to make previously non-infringing activity covered by the patent).

<sup>123</sup> *Id.* at 863–64.

<sup>124</sup> James Batchelder & Drew Koning, *Intervening Wrong*, 136 THE RECORDER 15 (2012).

<sup>125</sup> 35 U.S.C. § 252.

<sup>126</sup> MPEP § 1460 (9th ed. Rev. 7.2015, Nov. 2015).

<sup>127</sup> *Id.*

<sup>128</sup> 35 U.S.C. § 252.



preparation for otherwise infringing activity before grant of the reissue.<sup>129</sup> These rights are granted “under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue.”<sup>130</sup>

In the case of a reissue filed after invalidation of the original patent, the claims must be patentably distinct from those found invalid.<sup>131</sup> Consequently, these claims will not be substantially identical to any of the original claims. In other words, intervening rights are always available to qualifying infringers for reissues resulting from invalidation of the original patent. Therefore, patent holders and practitioners should consider the likelihood and extent to which potential competitors will have accrued intervening rights in the period between the grant of the original patent and the potential grant of a reissue.

The impact of intervening rights is contingent on several factors, including: the rate at which new players enter the market in the technology space, the time that has elapsed since the original patent granted, the speed at which the technology space develops, and the significance of the patented invention in the field. With regard to market entry rates, intervening rights apply only to entities that began practicing the invention before grant of the reissue (or who have made substantial preparations to practice the invention).<sup>132</sup> Therefore, in fields dominated by a few big players that rarely see new market entrants, such as telecoms,<sup>133</sup> there will be little value in obtaining a reissue

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<sup>129</sup> MPEP § 1460.

<sup>130</sup> 35 U.S.C. § 252.

<sup>131</sup> See *supra* Part III.A.

<sup>132</sup> 35 U.S.C. § 252.

<sup>133</sup> See David Carr, *Telecom’s Big Players Hold Back the Future*, N.Y. TIMES (MAY 19, 2013),

after invalidation of a patent. The other players in the market are likely to have all obtained intervening rights by the time a reissue is granted. In contrast, in traditionally volatile fields, such as solar energy,<sup>134</sup> there is likely to be a steady stream of new market participants who will not have accrued intervening rights before the grant of a reissue.

The relevance of the time elapsed since the original patent granted is largely self-explanatory. The more time has passed, the greater the chance that competitors will have developed or bought similar technology, thus accruing intervening rights. Similarly, the greater the speed at which technology in the field develops, the greater the chance that competitors will have caught up with the patent holder's technology and accrued intervening rights, and the greater the chance that the patented technology will be obsolete. Finally, determining the importance of the patented technology in the field and how that affects the potential value of reissue is highly fact-specific. On the one hand, patents on important technology have an inherently higher value. On the other, there is a greater chance that competitors will accrue intervening rights through use of fundamental technology as compared to ancillary improvements and features.

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<http://www.nytimes.com/2013/05/20/business/media/telecoms-big-players-hold-back-the-future.html> [https://perma.cc/8KS4-NCAN] (noting that the big cable and telecom companies have essentially obtained a monopoly in the market).

<sup>134</sup> See Haresh Patel, *Flying Blind and Crashing: The Need for Quality Data Transparency in Light of the Solar Market Meltdown*, RENEWABLE ENERGY WORLD (Apr. 4, 2016) <http://www.renewableenergyworld.com/articles/2016/04/flying-blind-and-crashing-the-need-for-quality-data-transparency-in-light-of-the-solar-market-meltdown.html> [https://perma.cc/Y894-V9XG] (discussing both the general trend of growth as well as the recent crash in the solar energy market).

In sum, after invalidation of a patent, the patent holder should carefully analyze the technology space to determine the likely value of obtaining a reissue. Where most of the patent holder's competitors are likely to accrue intervening rights, there is little value in obtaining a reissue, unless the patent holder sees inherent value in having additional patents (e.g., to satisfy investors). In contrast, where there are a significant number of competitors who are unlikely to have intervening rights, obtaining a reissue can provide significant value, and substantially mitigate the harm resulting from invalidation of the original patent.

#### **IV. CONCLUSION**

Generally, seeking reissue after invalidation of a patent is an underused tool in many patent holders' arsenals. In fields where the rate of new entry into the market is high and the speed of technological development is low, reissues can provide significant value. This is particularly true where the original patent was invalidated only a short time after issue. In addition, many companies place value in just having patents, and obtaining reissues of invalidated patents provides an excellent way to flesh out patent portfolios. While seeking reissue is not the right decision in all circumstances, in the right circumstances, it can provide significant value that many patent holders and practitioners are currently leaving on the table.



