Staying Litigation Pending Reexamination of Patents

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INTRODUCTION

The patent clause of the Constitution\(^1\) rewards technological contributions of exceptional merit and unusual benefit to society by granting limited monopolies to inventors. In return for this public sharing of inventions, Congress has given patent owners the right to exclude others from making, using or selling the owners' inventions throughout the United States for the term of seventeen years.\(^2\) Much of American industry depends on the patent system to provide the incentive for investing in the development of new products and technologies. A firm that invests successfully in the acquisition of a patent obtains the valuable right to exclude all others from competing in the market for the new product or technology.

Patent litigation arises when an issued patent's validity is challenged in the federal courts.\(^3\) In a patent infringement ac-

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1. U.S. CONST. art. I, § 8, cl. 8. The patent clause gives Congress the power "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."
2. 35 U.S.C. § 154 (1976 & Supp. IV 1980) provides in pertinent part: "Every patent shall contain... a grant to the patentee,... for the term of seventeen years,... of the right to exclude others from making, using, or selling the invention throughout the United States... "
3. 28 U.S.C. § 1338(a) (1976) provides in pertinent part: "The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents,... Such jurisdiction shall be exclusive of the courts of the states in patent... cases."

The validity of a patent is challenged when a party asserts in court that the original patent application should have been rejected by the Patent Office because the statutory conditions for patentability were not satisfied. The statutory conditions for patentability are novelty and nonobviousness. 35 U.S.C. §§ 102, 103 (1976).

The novelty requirement is a combination of two different time bars, one focusing on the date of invention and the other focusing on the date of the patent application. See In Re Theis, 610 F.2d 786 (C.C.P.A. 1979) (inventor loses patent right if he places invention on sale more than one year before patent application date); Application of Borst, 345 F.2d 851, cert. denied, 382 U.S. 973 (1965) (invention is not novel if previously disclosed in a
tion, the invalidity of an issued patent may be raised as a defense. Alleged infringers need not wait, however, for the patent owner to bring an infringement action; they may instead seek a declaratory judgment that the patent is invalid. The cost incurred in patent litigation may reach $250,000 for each party, an

manner accessible to the public); Metallizing Eng’g Co., Inc. v. Kenyon Bearing & Auto Parts Co., Inc., 153 F.2d 516, cert. denied, 328 U.S. 840 (1946) (inventor forfeits his patent right if he does not file a patent application within one year of discovery). See generally Note, Novelty and Reduction to Practice: Patent Confusion, 75 YAL E L.J. 1194 (1966).

To satisfy the nonobviousness requirement, an invention must represent a quantum jump beyond the technology that was previously known. See Sakraida v. Ag Pro, Inc., 425 U.S. 273 (1976) (arrangement of old elements with each performing the same function it had been known to perform is obvious and not patentable); Anderson’s-Black Rock, Inc. v. Pavement Salvage Co., 396 U.S. 57 (1969) (use of old elements in combination was obvious to those skilled in the art); Graham v. John Deere Co., 383 U.S. 1 (1966) (invention not patentable if obvious to a person having ordinary skill in the pertinent art). See generally Kitch, Graham v. John Deere Co: New Standards for Patents, 1966 SUP. CT. REV. 293; Schneider, Non-Obviousness, The Supreme Court, and Prospects for Stability, 60 J. PAT. OFF. SOCY 304 (1978).

In order to determine whether the invention claimed in the patent application possesses the requisite novelty and nonobviousness, the patent examiner compares the subject matter with the relevant prior art. Prior art includes what was known, used, patented, described in printed publications, in public use, or on sale at the time of Patent Office consideration of the patent application. An invention that is novel and nonobvious when compared with prior art is patentable.

Prior art plays a crucial role in patent litigation. When a patent owner alleges that a competitor has infringed his patent, the competitor may argue that there was no infringement because, contrary to the Patent Office’s determination, prior art shows that the invention lacked novelty or was obvious and the patent should not have been granted. Thus, in patent litigation, the federal courts reassess the determination by the Patent Office of the patentability of the invention in relation to the prior art.

4. 35 U.S.C. § 281 (1976) provides that a patentee has a civil action for infringement of his patent. Under 35 U.S.C. § 271(a) (1976), infringement occurs when anyone without authority makes, uses or sells any patented invention within the United States during the term of the patent.

5. 35 U.S.C. § 282 (1976) provides in pertinent part:

A patent shall be presumed valid. ... 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 ... this title as a condition of patentability ...

6. 28 U.S.C. § 2201 (1976) provides in pertinent part: “In a case of actual controversy within its jurisdiction, ... any court of the United States ... may declare the rights and other legal relations of any interested party seeking such declaration. ...”

In order to meet the case or controversy requirement of the U.S. Constitution, the person bringing the declaratory action must be an interested party subject to a sufficient threat of an infringement action. The case or controversy requirement is currently satisfied only where a potential infringer is in active production or active preparation for production in the area protected by the patent. It is not met where a potential infringer is
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unbearable burden for many individual inventors. Consequently, the threat of high legal costs causes many patent holders to tolerate infringements or to license their patents for nominal fees. The result of this cost burden is a chilling effect on small businesses and independent inventors who have successfully innovated and developed new products, but do not have the resources to litigate exhaustively the validity of their patents.

The new patent reexamination procedure established by Congress should substantially reduce patent litigation efforts and costs. Under the new procedure, the Patent Office will validate or invalidate an issued patent at the request of any person. Patent Office reexamination thus provides an efficient and inexpensive alternative to the formal legal proceedings challengers and patent owners previously employed to test the validity of patents. During litigation, a court may use the reexamination procedure and, hence, the experts in the Patent Office to determine the validity of a patent at a much reduced cost. The new patent reexamination procedure thereby furthers the goals of the patent system by removing hindrances to technological innovation caused by costly patent litigation.

This article explores the issues courts face when deciding whether to grant a stay of patent litigation pending reexamination by the Patent Office. First, the development of the interrelationship between the courts and the Patent Office in patent litigation will be traced. Next, the impact of the new reexamination procedure on patent litigation will be explored through a discussion of the key reexamination provisions and their use during court proceedings. The factors considered by courts in determining whether to stay litigation pending reexamination will be examined through a survey of case law. Finally, the article will present guidelines for determining whether to grant a stay of court proceedings so as to properly employ the new reexamination procedure.
DEVELOPMENT OF THE INTERRELATIONSHIP BETWEEN THE COURTS AND THE PATENT OFFICE

The interrelationship between the courts and the Patent Office can be traced to the Supreme Court opinion in *McCormick Harvesting Machine Co. v. Aultman*. The case involved the filing of an application for reissue of a patent which included several claims of the original patent as well as many new claims. The Patent Office examiner rejected certain of the original claims as unpatentable. Hence, the reissue application was abandoned and the original patent was acquired by McCormick. Thereafter, McCormick sued Aultman for infringement of certain of the original claims that had been rejected in the reissue application. The circuit court held that the claims in the original patent, which Aultman allegedly infringed, had been invalidated by the failure of the Patent Office examiner to allow them in the reissue application.

The Supreme Court reversed the circuit court and ruled that "upon the issue of the original patent, the Patent Office had no power to revoke, cancel or annul it." The Supreme Court held that jurisdiction over an issued patent is not regained by the Patent Office upon application for a reissue. *Aultman* emphasized that only the federal courts have authority to set a patent aside, annul it, or correct it for any reason.

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9. 169 U.S. 606 (1898).
10. The Patent Office has authority to reissue a patent based on defective specifications, drawings, or claims. 35 U.S.C. § 251 (1976). Patent claims point out the subject matter which the applicant regards as his invention. *Id.* § 112.
In effect, reissue serves to correct errors in patents.
Whenever any patent is, through error without deceptive intention, 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 Commissioner shall, on surrender of such patent, and payment of the fee required by law, reissue the patent....
*Id.* § 251. If the Patent Office refuses a reissue, the original patent is returned to the patent owner. 37 C.F.R. § 1.178 (1982). Thus, the validity of the original patent is not affected when a reissue application is rejected or abandoned.
11. 169 U.S. at 607.
12. *Id.*
13. *Id.*
14. *Id.*
15. *Id.* at 612.
16. *Id.*
17. *Id.* at 609.
From 1898 until 1977, the Patent Office relied on Aultman as authority for its view that, lacking jurisdiction over an issued patent, the Patent Office should not consider or comment on an issued patent's validity. During this period, questions of patent invalidity were determined solely by the federal courts when raised as a defense in patent infringement actions or when asserted by plaintiffs in declaratory actions. Aultman's view that federal courts were the sole determiners of patent validity prevented any interaction between the courts and the Patent Office during patent litigation.

During the late 1960's and early 1970's, the need for Patent Office involvement in the courts' determination of patent validity became apparent for two reasons: the high proportion of litigated patents held invalid by the courts and the inconsistency between judicial circuits in upholding patent validity. The probability that courts would invalidate patents discouraged inventors from disclosing their ideas to the public under the patent system. Moreover, the inconsistency between the circuits

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18. In 1977, amendments to the reissue rules took effect, permitting the Patent Office to comment on the validity of an issued patent. See infra notes 27-34 and accompanying text.


22. It was commonly assumed that about 70% of the patents later involved in litigation were found to be invalid. See Federico, Adjudicated Patents, 1948-54, 38 J. PAT. OFF. SOC'Y 233, 249 (1956); Walterscheid & Cage, supra note 19, at 444.

In Graham v. John Deere Co., 383 U.S. 1, 18 (1966), the Supreme Court severely criticized the Patent Office, stating: "[I]t must be remembered that the primary responsibility for sifting out unpatentable material lies in the Patent Office. To await litigation is - for all practical purposes - to debilitate the patent system. We have observed a notorious difference between the standards applied by the Patent Office and by the courts." Thus, the high proportion of invalidated patents were, in large part, due to standards of patentability applied more stringently by the courts than by the Patent Office.

23. Studies of patent litigation reveal marked inconsistency between the judicial circuits. See Horn & Epstein, The Federal Courts' View of Patents - A Different View, 55 J. PAT. OFF. SOC'Y 134, 146 (1973), in which it was reported that, from 1961 to 1970, the Tenth Circuit upheld 68% of the patents litigated before it, the Eighth Circuit upheld only 10%, and the D.C. Circuit upheld none. The other circuits fell among these figures. See also Baum, The Federal Courts and Patent Validity: An Analysis of the Record, 56 J. PAT. OFF. SOC'Y 758, 762 (1974); Lang & Thomas, Disposition of Patent Cases by Courts During the Period 1939-1949, 32 J. PAT. OFF. SOC'Y 803 (1950).
invited forum shopping and turned patent litigation into a high stakes gamble in which inventors stood to lose their entire investments. A new procedure was therefore needed to test patent validity, one which lacked the uncertainties of patent litigation.

The accelerating rate at which courts were holding patents invalid prompted President Johnson to appoint a committee in 1966 to study ways to improve the patent system. In 1974, an American Bar Association committee proposed the establishment of a post-issue patent reexamination procedure to improve the quality of issued patents. The ABA reexamination concept was introduced as legislation in Congress, but a mixture of politics and disparagement of the concept led to its eventual defeat.

Convinced of the need to take measures to improve patent quality, the Commissioner of Patents and Trademarks exercised his rulemaking authority and amended the Patent Office Rules to implement the concept of post-issuance reexamination. The amended rules expanded the scope of the reissue procedure to allow the Patent Office to reexamine the validity of issued patents. Under the amended reissue rules, a patent owner could still file a reissue application to correct errors in patent

24. Quigg, *Post-Insurance Re-Examination: An Inventive Attempt at Reform*, Nat'l L.J., June 1, 1981, at 31, col. 1. In this article, Donald J. Quigg, a member of the ABA Subcommittee that formulated the reexamination procedure embodied in the statute, summarized the history of the efforts leading to the passage of the new reexamination statute.

25. *Id.*

26. *Id.*

27. Under 35 U.S.C. § 6(a) (1976) the Commissioner may, with the approval of the Secretary of Commerce, establish regulations for the conduct of proceedings in the Patent and Trademark Office.

The rule changes amended 37 C.F.R. §§ 1.1—1.482 (1982) which deal with patents, trademarks, and copyrights and includes the Patent Office Rules. The rule changes were announced at 42 Fed. Reg. 5,588 (1977) and codified at 37 C.F.R. § 1.175(a)(4) (1981) (reserved but not repealed in 1982 ed.).

28. Prior to its amendment, the reissue procedure was used exclusively for the correction of errors in drawings, specifications, and claims of patents. The validity of the original patent was not considered by the Patent Office during the reissue procedure. 35 U.S.C. § 251 (1976). For a discussion of that provision, see supra note 10.

After the amended reissue rules were promulgated, the reissue procedure could be used to initiate patent reexaminations. During a reexamination, the Patent Office considers the question of the validity of the original patent by testing the patented invention's novelty and nonobviousness against newly discovered prior art. Thus, the difference between reissue and reexamination is the ultimate status of the original patent. Under reissue, the original patent cannot be invalidated, but only corrected. Under reexamination, the original patent can be invalidated.
specifications, drawings, or claims. The major significance of the amended reissue rules, however, was the creation of a procedure by which a patent owner could file a reissue application when he became aware of prior art or other information relevant to patentability, not previously considered by the Patent Office, which might cause the examiner to deem the original patent invalid.

The amended reissue rules also provided for the participation of protesters in reissue proceedings. Protesters could file papers rebutting statements made by the reissue applicant, and the examiner at his discretion could request additional participation by the protester. Thus, the amended reissue rules not only allowed the Patent Office to consider information pertaining to the patentability of issued patents, but also permitted the Patent Office to consider information brought to its attention by anyone desiring to protest the reissue.

The announcement of the amended reissue rules included an invitation to federal courts to make use of the expanded reissue

29. 37 C.F.R. § 1.175(a)(1)-(3) (1982) provides in pertinent part:
(a) Applicants for reissue . . . must . . . file with their applications a statement under oath or declaration as follows:
(1) When the applicant verily believes the original patent to be wholly or partly inoperative or invalid, stating such belief and the reasons why.
(2) When it is claimed that such patent is so inoperative or invalid "by reason of a defective specification or drawing," particularly specifying such defects.
(3) When it is claimed that such patent is so inoperative or invalid "by reason of the patentee claiming more or less than he had a right to claim in the patent," distinctly specifying the excess or insufficiency in the claims.
30. 37 C.F.R. § 1.175(a)(4) (1981) (reserved but not repealed in 1982 ed.) provides in pertinent part:
(a) Applicants for reissue . . . must . . . file with their applications a statement under oath or declaration as follows:

32. Id. § 1.291(c).
procedure during patent litigation. Under the amended reissue rules, a federal court could stay its proceedings to allow the Patent Office to consider whether newly discovered prior art affected the validity of an issued patent. Thus, in the absence of congressional action, the Commissioner of Patents and Trademarks invoked his rulemaking authority to open the way for reexamination of issued patents by the Patent Office at any time during the life of the patent, particularly during patent litigation. The amended reissue rules provided the only means for interaction between the federal courts and the Patent Office in determining patent validity during litigation until Congress enacted the new reexamination provisions of the Patent Code.

THE NEW REEXAMINATION PROCEDURE

The reexamination procedure under the amended reissue rules proved unworkable in practice. Opening the reissue procedure to the public for protests turned the proceedings into small-scale lawsuits that were slow and expensive. As a result, a lengthy backlog of reissue applications developed in the Patent Office. It was in this atmosphere that Congress finally recognized the need to provide a fast, economical way to reexamine an issued patent's claims.

On July 1, 1981, Public Law No. 96-517 took effect, adding provisions for the reexamination of patents to the Patent Code. The purpose of the new reexamination provisions is to permit efficient resolution of questions about the validity of patents without recourse to expensive and lengthy litigation. The reexamination provisions permit the owner of a patent to have the

33. The announcement of the amended reissue rules stated: "The procedure may be used at any time during the life of a patent. During litigation, a federal court may, if it chooses, stay proceedings to permit new art to be considered by the Office." 42 Fed. Reg. 5,588 (1977).
34. Id.
35. Quigg, supra note 24, at 31.
36. Id.
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validity of his patent tested by experts in the Patent Office at a much reduced cost. In effect, Congress codified, with several important differences, the reexamination procedure that had been promulgated by the Commissioner of Patents and Trademarks in the amended reissue rules.

The new reexamination provisions, together with the corresponding rules issued by the Commissioner, provide that any person at any time may file a written request for reexamination based on prior art consisting of patents or printed publications that have a bearing on the patentability of an issued patent. The request must state the pertinency and manner of applying cited prior art to every patent claim for which reexamination is requested. Within three months of the filing of a request for reexamination, the Commissioner will determine whether a substantial new question of patentability has been raised by the request. The Commissioner's determination that no substantial new question of patentability has been raised is final and

39. Id. Under 37 C.F.R. § 1.21(x) (1982), the fee to file a request for reexamination is $1,500. Another section provides for a refund of $1,200 if the Commissioner decides not to institute a reexamination proceeding. Id. § 1.26(c).

40. See infra notes 58-61 and accompanying text.


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.


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 . . . . The request must set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested.

Id. § 302.

44. Id.

45. 35 U.S.C. § 303(a) (Supp. IV 1980) provides in pertinent part: “Within three months following the filing of a request for reexamination . . . 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.”
nonappealable.\textsuperscript{46}

If the Commissioner finds that a substantial new question of patentability has been raised, the Commissioner enters an order for reexamination.\textsuperscript{47} The patent owner, within two months from the reexamination order date, may file a statement on the new question of patentability.\textsuperscript{48} If the patent owner files such a statement, the requestor has two months to reply to the patent owner's statement.\textsuperscript{49} When the time for filing the statement and reply ends, reexamination proceeds according to the procedures established for the initial examination of patent applications.\textsuperscript{50}

Based on the foregoing reexamination mechanics, the procedure operates differently depending on the status of the party requesting reexamination. When the reexamination requestor is the patent owner, the procedure is substantially identical to the \textit{ex parte} prosecution of an originally filed patent application.\textsuperscript{51}

When the reexamination requestor is a third party, the requestor is severely limited throughout the reexamination procedure. For example, if the patent owner elects not to file a statement, the

\textsuperscript{46} 35 U.S.C. § 303(c) (Supp. IV 1980) provides in pertinent part: "A determination by the Commissioner . . . that no substantial new question of patentability has been raised will be final and nonappealable."

\textsuperscript{47} If . . . 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 this patent and new claim or claims he may wish to propose, for consideration 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. . . . 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. . . .

\textit{Id.} § 304.

\textsuperscript{48} \textit{Id.}

\textsuperscript{49} \textit{Id.}

\textsuperscript{50} 35 U.S.C. § 305 (Supp. IV 1980) provides in pertinent part: "After the time for filing the statement and reply . . . have expired, reexamination will be conducted according to the procedures established for initial examination. . . . All reexamination proceedings . . . will be conducted with special dispatch within the Office."

\textsuperscript{51} The examination of an originally filed patent application is considered \textit{ex parte} because only the inventor is involved in its prosecution by way of the patent application and interviews with patent examiners. Although the inventor may hold interviews with patent examiners, third parties are barred from setting up or attending interviews. In addition, the Patent Office does not provide discovery to third parties. The foregoing aspects of patent application prosecution apply with equal force to reexamination under § 305.
requesting statement will be the requestor's only input into the reexamination since proceedings are conducted ex parte.\textsuperscript{52} If, on the other hand, the patent owner elects to file a statement, the requestor may file only a single reply.\textsuperscript{53} During the reexamination proceedings, a patent owner may hold interviews with the patent examiners.\textsuperscript{54} A reexamination requestor who is not the patent owner, however, is barred under the rules from participating in interviews with examiners.\textsuperscript{55} Finally, a requestor who is not the patent owner has no right of appeal under the reexamination statute.\textsuperscript{56}

The new reexamination provisions codify many of the basic features of post-issuance reexamination under the amended reissue rules;\textsuperscript{57} under both the statute and the rules, the approach to improving patent quality is through a ruling from an examiner on the pertinence of additional prior art. Despite their similar approaches, the reexamination procedure differs in two important respects. First, under the amended reissue rules, protester participation in the reexamination proceedings was permitted.\textsuperscript{58} No such third party participation is allowed under the reexamination statute beyond the filing of a written request and reply.\textsuperscript{59} Second, under the amended reissue rules, the scope of reexamination included all prior art and any other information relevant

\textsuperscript{52} 35 U.S.C. §§ 304, 305 (Supp. IV 1980). Under the reexamination statute, electing not to file a statement is an entirely proper tactic on the part of the patent owner. A patent owner would choose not to file a statement in order to prevent the requestor from filing a reply.

\textsuperscript{53} Id.

\textsuperscript{54} 37 C.F.R. § 1.560(a) (1982) provides in pertinent part:

Interviews in reexamination proceedings pending before the Office between examiners and the owners of such patents or their attorneys or agents of record must be had in the Office at such times, within Office hours, as the respective examiners may designate. . . . Requests that reexamination requesters participate in interviews with examiners will not be granted.

\textsuperscript{55} Id.

\textsuperscript{56} 35 U.S.C. § 306 (Supp. IV 1980) provides in pertinent part: "The patent owner involved in a reexamination proceeding under this chapter may appeal . . . and may seek court review . . . with respect to any decision adverse to the patentability of any original or proposed amended or new claim to the patent."

\textsuperscript{57} There are indications that the Commissioner of Patents and Trademarks will change the reissue rules so as to eliminate the use of reissue applications for initiating reexaminations. Such a change is believed appropriate since the same basic process can be achieved through the new reexamination procedures. Legal Times Wash., Mar. 29, 1982, at 8, col. 1.

\textsuperscript{58} 37 C.F.R. § 291(a) (1982). See also supra notes 31, 32 and accompanying text.

\textsuperscript{59} 35 U.S.C. §§ 303(c)-306 (Supp. IV 1980). See also supra notes 51-54 and accompanying text.
to patentability. The scope of reexamination under the new statute is limited to patents and printed publications. Patents and printed publications constitute only a portion of the prior art. The participation of third parties and scope of reexamination were apparently limited under the statute so that the proceedings would be less expensive, briefer, and would prevent harassment of patent owners.

The reexamination procedure established under the statute is intended to be used by federal courts during patent litigation. The reexamination bill first passed by the Senate provided for a mandatory stay of all district court proceedings when a party wished to present prior art to a court, thereby compelling that party to first proceed through the patent reexamination system. The reexamination provisions finally adopted by both Houses of Congress do not provide for a mandatory stay of court proceedings. Congress believed that stay provisions were unnecessary since the power to grant stays pending reexamination already resided with the court. Drafters of the reexamination provisions believed that, rather than making the stay pending reexamination mandatory, the stay was appropriately within the discretion of district court judges.

The reexamination procedure under the statute is designed to respond to the requirements of federal courts during patent litigation. All patent reexamination proceedings are to be conducted with special dispatch within the Patent Office. The expedited handling of reexamination requests responds to the courts' need for prompt resolution by the Patent Office of questions about patent validity during a stay of litigation. The reexamination provisions are also intended to assist courts in resolving discovery problems relating to prior art. Thus, the new

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63. 88 F.R.D. 369, 416-17 (1980), which contains the proceedings of a judicial conference on the subject of the new reexamination provisions.
68. It ordinarily is in the interests of both parties to expedite the disposition of
Reexamination provisions are intended to be invoked at the option of federal courts by staying patent litigation and allowing the Patent Office to make an initial determination of the validity of an issued patent over newly discovered patents and printed publications. An initial determination of patent validity by the Patent Office thereby provides a means for reducing the cost and length of patent litigation. 69

FACTORS CONSIDERED BY COURTS IN DETERMINING WHETHER TO STAY LITIGATION PENDING REEXAMINATION

The judicial response to reexamination under the new statute may be foretold by consideration of those cases that have dealt with the amended reissue procedure as well as the few reported cases involving the new reexamination procedure. In general, the power of district courts to stay litigation pending the completion of administrative proceedings is broad and discretionary. 70

In determining whether to stay court proceedings pending reexamination of patents, courts must weigh the beneficial effects of reexamination on judicial economy against the danger of impos-

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69. Id. at 4, reprinted in 1980 U.S. CODE CONG. & AD. NEWS 6460, 6463.
70. When faced with the issue of whether to stay proceedings pending the exhaustion of administrative remedies, courts have generally adopted the philosophy expressed in In re CMAX, Inc. v. Hall, 300 F.2d 265 (9th Cir. 1962). CMAX was a mandamus proceeding by an airfreight forwarder to vacate a district court order postponing the trial of the forwarder's action against a shipper until completion of proceedings before the Civil Aeronautics Board. In holding that the district court did not abuse its discretion in staying the action pending completion of court proceedings, the 9th Circuit affirmed the broad, discretionary power of a district court to stay its proceedings. The court stated:

A district court has inherent power to control the disposition of the causes on its docket in a manner which will promote economy of time and effort for itself, for counsel, and for litigants. The exertion of this power calls for the exercise of a sound discretion. Where it is proposed that a pending proceeding be stayed, the competing interests which will be affected by the granting or refusal to grant a stay must be weighed. Among these competing interests are the possible damage which may result from the granting of a stay, the hardship or inequity which a party may suffer in being required to go forward, and the orderly course of justice measured in terms of simplifying or complicating of issues, proof, and questions of law which could be expected to result from a stay.

Id. at 268.
ing an unnecessary delay in litigation.\textsuperscript{71} A survey of case law in the area of patent reexamination reveals that courts have considered the following factors in determining whether to stay litigation pending reexamination of patents: (a) Patent Office expertise, (b) reduction in the length and costs of litigation, (c) enhancement of the presumption of patent validity, (d) willingness of the patent owner, and (e) deterrence of further infringements. Examination of each of these factors provides useful insight into the judicial treatment of patent reexamination.

\textit{Patent Office Expertise}

Many courts have considered the expertise of the Patent Office an important factor in determining whether to stay litigation pending reexamination. \textit{General Tire \& Rubber Co. v. Watson-Bowman Associates, Inc.}\textsuperscript{72} was the first reported case in which a court faced the issue of whether to stay its proceedings to allow reexamination by the Patent Office.\textsuperscript{73} General Tire \& Rubber Co., the patent owner, brought an action against Watson-Bowman for patent infringement.\textsuperscript{74} After years of extensive discovery and a number of rulings on motions by the court, the case was ready for trial when General Tire moved to stay the court proceedings pending the outcome of its reissue application.\textsuperscript{75}

The \textit{General Tire} court acknowledged that the Patent Office, with its expertise in patent matters, was particularly well suited to assist the court in making the determination of the invalidity of the patents over prior art.\textsuperscript{76} The court denied the plaintiff's motion to stay, however, stating that the public interest in

\textsuperscript{71}. Id.
\textsuperscript{72}. 193 U.S.P.Q. (BNA) 479 (D. Del. 1977).
\textsuperscript{73}. \textit{General Tire} was the first case in which a court considered the usefulness to litigation of reexamination under the amended reissue rules. The court in \textit{General Tire} set out the rule that grants or denials of stays require that the potential benefits of reexamination be weighed against the delays that may result. \textit{Id.} at 482. Subsequent courts continued to use the balancing test first applied in \textit{General Tire}. See, e.g., \textit{Antionious v. Kamata-Ri \& Co.}, 204 U.S.P.Q. (BNA) 294, 297 (D. Md. 1979); \textit{Rohm \& Haas Co. v. Mobil Oil Corp.}, 462 F. Supp. 732, 734 (D. Del. 1978); \textit{PIC, Inc. v. Prescon Corp.}, 195 U.S.P.Q. 525, 527 (D. Del. 1977).
\textsuperscript{74}. 193 U.S.P.Q. (BNA) at 481.
\textsuperscript{75}. \textit{Id.} General Tire moved for a stay so that it could file a reissue application under the amended reissue rules to seek reexamination of the original patent in view of prior art or other information relevant to patentability which was not previously considered by the Patent Office. \textit{Id.} at 481-82.
\textsuperscript{76}. \textit{Id.} at 482.
prompt and final resolution of disputes, especially in patent matters, militated in favor of refusing to postpone the trial at the late stages of the litigation.\textsuperscript{77} If the reexamination procedure had been available at an earlier stage of the case, the court would have been more inclined to realize the benefits of the Patent Office's input.\textsuperscript{78}

In \textit{Fisher Controls Co., Inc. v. Control Components, Inc.},\textsuperscript{79} a declaratory action seeking invalidation of defendant's patent, the defendant filed a motion to stay the court proceedings pending the outcome of a reissue application.\textsuperscript{80} The \textit{Fisher Controls} court recognized several distinct advantages in allowing reexamination before continuing with patent litigation, the first of which was the ability to take advantage of the Patent Office's expertise.\textsuperscript{81} The court observed that although a great deal of discovery had been completed, a considerable amount remained.\textsuperscript{82} The court concluded that the benefit of a stay pending the outcome of the reissue application outweighed any burden

\begin{itemize}
  \item All prior art presented to the Court will have been first considered by the [Patent Office] with its particular expertise.
  \item Many discovery problems relating to prior art can be alleviated by the [Patent Office] examination.
  \item In those cases resulting in effective invalidity of the patent, the suit will likely be dismissed.
  \item The outcome of the reexamination may encourage a settlement without the further use of the Court.
  \item The record of reexamination would likely be entered at trial, thereby reducing the complexity and length of the litigation.
  \item Issues, defenses, and evidence will be more easily limited in pre-trial conference after a reexamination.
  \item The cost will likely be reduced both for the parties and the Court.
\end{itemize}

\textit{Id.} at 583.
imposed by a further delay in the litigation.\textsuperscript{83}

Similarly, the court in \textit{Raytek, Inc. v. Solfan Systems, Inc.},\textsuperscript{84} referred to the expertise of the Patent Office in granting the defendant’s motion to stay proceedings pending reexamination of the plaintiff’s patent under the new procedure.\textsuperscript{85} The plaintiff brought the lawsuit against the defendant for patent infringement, alleging that the defendant had been infringing the plaintiff’s patent by making, using and selling burglar alarms covered by the claims of the patent.\textsuperscript{86} The \textit{Raytek} court compared the level of expertise of the patent examiners in evaluating prior art to that of the court and jury and held that a decision by the court or the jury should await the examiners’ final determination.\textsuperscript{87}

Courts may benefit from reexamination by having all prior art presented to them first considered by the Patent Office.\textsuperscript{88} The Patent Office can relieve courts of the burden of making technical findings that may be beyond their expertise.\textsuperscript{89} Where the issues involved in the lawsuit are highly technical and may be resolved without physical evidence or testimony, the Patent Office is particularly well suited to first resolve the question of patent validity.\textsuperscript{90}

Deferece by the courts to the expertise of the Patent Office should not be automatic, however, and limits have been placed on the extent of the Patent Office’s expertise. For example, the doctrine of primary jurisdiction, which mandates an initial determination by a specialized agency rather than a court, has

\textsuperscript{83} \textit{Id.}
\textsuperscript{84} 211 U.S.P.Q. (BNA) 405 (N.D. Cal. 1981).
\textsuperscript{85} \textit{Id.} at 408. \textit{Raytek} was the first case in which a court faced the issue of whether to stay its proceedings to allow reexamination under the new statute. \textit{Raytek} was decided approximately two months after the new reexamination procedure became effective.
\textsuperscript{86} \textit{Id.} at 406.
\textsuperscript{87} \textit{Id.} at 408.
\textsuperscript{88} \textit{Fisher Controls Co.}, 443 F. Supp. at 582.
\textsuperscript{89} \textit{Antonious v. Kamata-Ri & Co.}, 204 U.S.P.Q. (BNA) 294, 295 (D. Md. 1979), denied a stay for reexamination under the amended reissue rules, but acknowledged the expertise of the Patent Office.
\textsuperscript{90} \textit{Rohm & Haas Co. v. Mobil Oil Corp.}, 462 F. Supp. 732, 735 (D. Del. 1978), granted a stay for reexamination under the amended reissue rules. \textit{Rohm & Haas} was an action in which the plaintiff sought a declaratory judgment that the defendant’s patent was invalid, unenforceable, and not infringed. The defendant moved for a stay pending a decision by the Patent Office on the defendant’s application for reissue of the patent in suit. The court concluded that the benefits of a stay outweighed the potential harm to the plaintiff that the resultant delay might cause. The court granted the stay because the motion for a stay was filed six weeks after the complaint was filed and before any discovery had taken place. \textit{Id.} at 734 n.4.
been held not to apply to cases in which patent validity is challenged. The district court in *RCA Corp. v. Applied Digital Data Systems, Inc.* refused to apply the doctrine of primary jurisdiction to compel the patent owner to take advantage of the amended reissue procedure. The court concluded that determining the validity of a patent over prior art was not the type of issue for which the specialized expertise of the Patent Office mandated an initial determination by that agency. As for the need for uniformity of regulation, the *RCA* court found no questions of regulatory policy or of economic or industrial conditions to require invoking the doctrine of primary jurisdiction.

The tendency of courts to stay litigation to allow the Patent Office to apply its reexamination expertise depends on the sophistication of the courts in dealing with patent matters. A court that is unaccustomed to dealing with patent matters will be inclined to favor the input of the Patent Office. Conversely, a court that hears patent cases on a regular basis will be less likely to desire the Patent Office's expert opinion on patent validity.

**Reduction in the Length and Cost of Litigation**

The second factor considered by courts in determining whether to stay litigation pending reexamination is the probability that the length and complexity of litigation may be reduced. Several of the advantages of reexamination listed by the court in *Fisher*...
Controls relate directly to reducing the length and cost of litigation. First, the Patent Office record of reexamination may be entered at trial, thereby sharing the findings and reasoning of the patent examiners with the court and jury and reducing the court’s own efforts. Second, the issues, defenses, and evidence will be more easily limited in pre-trial conferences after a reexamination. Third, a finding by the Patent Office that a patent is invalid may result in the dismissal of the lawsuit. Finally, the outcome of reexamination may disclose to the litigants the relative strengths of their positions in the lawsuit, and thereby encourage a settlement. There is thus a likelihood that reexamination will reduce costs both for the litigants and the court.

Courts have refused to grant stays for patent reexamination where unnecessary and unfair delay would result. In order to minimize the detrimental effects of a delay in court proceedings, reexamination applications receive expedited treatment by the Patent Office. As a further measure to prevent delay, courts may provide for periodic review of the Patent Office proceedings to ensure adequate progress.

The opportunity to make use of the reexamination procedure during the early stages of a lawsuit favors the granting of a stay that regularly handle patent cases. Not surprisingly, both courts’ jurisdictions represent highly industrialized geographic areas.

98. See supra note 81.
99. 443 F. Supp. at 582.
100. Id.
101. Id.
102. Id.
for reexamination. Litigants should not be permitted, however, to abuse the process by applying for reexamination after protracted, expensive discovery or trial preparation. When a case is ready for trial, the public interest in prompt resolution of the patent dispute outweighs the benefits derived from reexamination.

Enhancement of the Presumption of Patent Validity

The third factor considered by courts is the effect of reexamination on the presumption of patent validity. The statutory presumption of validity provides the vehicle by which Patent Office reexamination may directly influence the ultimate validity of patents. The basis for the presumption is the acknowledged expertise of the Patent Office and recognition that patent approval is an administrative determination supported by evidence. Where the prior art invoked to invalidate a patent has been considered by the Patent Office, the presumption of validity is strengthened. Conversely, where relevant prior art has not been considered by the Patent Office, the presumption of validity is weakened or overcome.

110. See Adamo, Reexamination To What Avail? An Overview, 63 J. PAT. Off. Soc'y 616 (1981), for a comprehensive discussion of the effect of reexamination on the presumption of validity. Adamo stated that the requisites for attachment of the statutory presumption are lacking under the new reexamination provisions because of inherent weaknesses in the procedure. Adamo pointed out that examiners may concentrate on the newly-cited references, ignoring other prior art previously made of record but not relied on in the requests. In addition, Adamo suggested that examiners be encouraged to conduct another prior art search in order to strengthen the credibility of reexamination findings.
111. Lee-Boy Mfg. Co. v. Puckett, 202 U.S.P.Q. (BNA) 573, 574 (N.D. Ga. 1978) (patent infringement action in which the court granted the accused infringer's motion to require the patent owner to file an application for reissue). See also Adamo, supra note 110, at 644 n.93.
112. Dresser Indus., Inc. v. Ford Motor Co., 211 U.S.P.Q. (BNA) 1114, 1121 (N.D. Tex. 1981) (held that the reissue procedure, because of its broader scope of review and opportunity for participation by protestors, was superior to the new reexamination procedure); PIC, Inc. v. Prescon Corp., 485 F. Supp. 1302, 1312 (D. Del. 1980) (held that a result favorable to the patent owner in a Patent Office reissue proceeding on the issue of patent invalidity was not entitled to preclusive effect in the courts).
The degree to which courts may regard a reexamined patent as having an enhanced presumption of validity depends upon the adequacy of the opportunity of the parties to the lawsuit to participate in the reexamination proceedings.\textsuperscript{114} In \textit{Dresser Industries, Inc. v. Ford Motor Co.},\textsuperscript{115} Dresser Industries, the patent owner, filed an application for reexamination of its patents pursuant to the new statute and requested a stay of court proceedings.\textsuperscript{116} In response, Ford moved for an order compelling Dresser to file an application for reissue of its patents.\textsuperscript{117} The district court granted Ford's motion\textsuperscript{118} and concluded that, from the perspective of full and fair consideration of the patent validity issue, the reexamination under the amended reissue rules was manifestly superior to reexamination under the new statute.\textsuperscript{119}

The \textit{Dresser} court found the reissue rules to provide opportunities for participation by contestants that are not available under the rules for reexamination.\textsuperscript{120} The court also found that the scope of the Patent Office's inquiry is broader under reissue than under reexamination.\textsuperscript{121} The court therefore ordered Dresser Industries to file an application for reissue as a condition for maintaining its infringement action.\textsuperscript{122}

The provisions limiting participation by the party challenging the patent's validity\textsuperscript{123} lessen the likelihood that reexamination findings will be given preclusive or collateral estoppel effect by the courts.\textsuperscript{124} Similarly, the restricted participation by third par-
ties makes it difficult for the patent owner to significantly enhance the presumption of patent validity. Thus, the *ex parte* nature of reexamination proceedings, although designed to minimize costs, results in advisory findings rather than a binding decision.\textsuperscript{125}

**Willingness of the Patent Owner**

A fourth factor considered by courts is the willingness of the patent owner to participate in reexamination proceedings. This factor arose under the amended reissue rules. Under the new reexamination provisions, however, the willingness of the patent owner to initiate reexamination is immaterial since any person may do so.\textsuperscript{126} Although any express vesting of power in the district courts to order reexamination is not present in the statute, Congress believed that such power already resided with the courts.\textsuperscript{127}

Under the amended reissue rules, courts have differed as to whether they have power to compel an unwilling patent owner to apply for reexamination. Those courts directing reexamination under the rules have claimed discretionary authority or inherent power to compel the patent owner to file a reissue application where the benefits of Patent Office review outweigh the prejudice to the parties.\textsuperscript{128} The source of authority cited is the equitable power of a court to compel a party to prosecute a related action where necessary to effectuate judicial processes or prevent waste or duplication.\textsuperscript{129}

Those courts refusing to compel an unwilling patent owner to apply for reexamination under the amended reissue rules assert that, although a court may stay its proceedings during voluntary reissue proceedings, it has no authority to compel involuntary

\textsuperscript{125} Adamo, *supra* note 110, at 636.


\textsuperscript{127} H.R. REP. NO. 1307, part I, 96th Cong., 2d Sess. 4, 8, *reprinted in 1980 U.S. CODE CONG. & AD. NEWS* 6460, 6463, 6467. The reexamination provisions do not provide for a mandatory stay of court proceedings. Congress believed that stay provisions were unnecessary since the power to grant stays pending reexamination already resided with the courts.

\textsuperscript{128} See Dresser Indus., Inc. v. Ford Motor Co., 211 U.S.P.Q. (BNA) 1114, 1122-26 (N.D. Tex. 1981) (court possesses inherent equitable power to compel reissue application); Sheller Globe Corp. v. Mobay Chem. Corp., 204 U.S.P.Q. (BNA) 1052, 1056 (E.D. Mich. 1980) (power to order reissue application is within court’s discretionary authority or inherent power, and willingness or unwillingness of applicant is not controlling).

\textsuperscript{129} 211 U.S.P.Q. (BNA) at 1125.
reissue applications. According to this view, the absence of congressional action to vest district courts with the power to initiate reissue proceedings limits the discretion of courts to compel involuntary applications for reissue.

Deterrence of Further Infringement

The final factor, deterrence of infringement, supports the objectives of the patent system by protecting the rights of patent owners who disclose their inventions to the public. The deterrence of infringement was cited by the court in *Singer Co. v. P.R. Mallory & Co., Inc.* as a reason for granting a stay for reexamination. *Singer* was an infringement action in which the trial court enjoined Singer, the patent owner, from applying for reissue. The court of appeals found that a reexamination of the patent by the Patent Office, although not binding on the courts in an infringement action, could well serve to deter infringement by other manufacturers. This deterrence would come about, according to the court, because the granting of a reissue patent, like the granting of a patent, creates a rebuttable presumption of validity. The *Singer* court found that the advantages of reissue outweighed the possible harm to the defendant. Thus, the court of appeals reversed the trial court’s order enjoining Singer’s reissue application and held that Singer was entitled to strengthen its patent by way of reexamination.

GUIDELINES FOR DETERMINING WHETHER TO STAY COURT PROCEEDINGS PENDING PATENT REEXAMINATION

In deciding whether to grant a stay, the court must first ascertain which of the relevant favorable or mitigating facts impinge

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132. 213 U.S.P.Q. (BNA) 202 (7th Cir. 1982).

133. Id. at 204.

134. Id. at 205.

135. Id. at 205 n.5. See also supra note 5.

136. Id. at 205.

137. Id. at 206-07.
on the case at bar, and then determine the relative weight to be accorded each factor. As the cases demonstrate, the court's analysis and conclusion will necessarily change depending upon which factors appear, yet certain guidelines can be suggested which indicate whether or not a stay is appropriate.

First, where the issues in the lawsuit are technical and not routinely handled by the court, a stay should be granted so that the expertise of the Patent Office may be invoked accordingly. Second, where litigated issues are restricted to those considered during reexamination, namely, the validity of an issued patent in view of newly cited prior art consisting of patents and other publications, a stay is singularly appropriate. The intention of the court to consider the administrative record produced at the reexamination proceeding, thereby reducing the length and

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138. The opportunity to take advantage of the Patent Office's expertise is the factor most frequently cited by courts granting stays for reexamination. See Singer Co. v. P.R. Mallory & Co., 213 U.S.P.Q. (BNA) 202, 205 n.5 (7th Cir. 1982) (courts take cognizance of the particular expertise of the Patent Office); Raytek, Inc. v. Solfan Sys., Inc., 211 U.S.P.Q. (BNA) 405, 408 (N.D. Cal. 1981) (considering the level of expertise of the patent examiners, a decision by the court should await their final determination); Sheller Globe Corp. v. Mobay Chem. Corp., 204 U.S.P.Q. (BNA) 1052, 1055 (E.D. Mich. 1980) ("All prior art presented to the Court will have been first considered by the [Patent Office], with its particular expertise."); Choat v. Rome Indus. Inc., 203 U.S.P.Q. (BNA) 549, 552 (N.D. Ga. 1979) ("The Patent Office with its scientific expertise will have the opportunity to analyze the prior art before consideration by this court."); Rohm & Haas Co. v. Mobil Oil Corp., 462 F. Supp. 732, 735 (D. Del. 1978) (highly technical issues are particularly well suited to resolution by the Patent Office); Fisher Controls Co., 443 F. Supp. at 582 ("All prior art presented to the court will have been first considered by the [Patent Office], with its particular expertise.").

The expertise of the Patent Office has been acknowledged by courts that have denied stays for reexamination. See, e.g., Antonious v. Kamata-Ri & Co., 204 U.S.P.Q. (BNA) 294, 295 (D. Md. 1979) (reexamination "relieves a court of the burden of making technical findings that may be beyond its expertise, without guidance from the experts"); General Tire & Rubber Co., 193 U.S.P.Q. (BNA) at 482 (the Patent Office, with its expertise in patent matters, is especially well suited to assist the court in making prior art determinations).

139. During reexamination, the Patent Office is limited to considering prior art consisting of patents and printed publications. Prior public uses or sales of the invention are excluded from consideration during reexamination. Reexamination is therefore appropriate where the case involves the type of prior art considered in reexamination.

Courts have denied stays for reexamination where the issues extended beyond those considered by reexamination. See Dresser Indus., Inc., 211 U.S.P.Q. (BNA) at 1120, in which the court noted that the Patent Office would not consider in the new reexamination process issues such as fraud, prior public use or sale, inadequacy of the disclosure and the factual basis for the invention claimed. However, the court granted a stay for reexamination under the amended reissue rules. See also General Tire & Rubber Co., 193 U.S.P.Q. (BNA) at 483, in which the court noted that under the amended reissue rules, fraud issues are not examined by the Patent Office.
complexity of litigation, likewise favors a stay. In addition, the court's intention to weigh the reexamination findings so as to strengthen the presumption of validity if the patent survives reexamination or to weaken the presumption if the patent is found invalid suggests a stay is in order. A stay is also favored where the reexamination process may encourage settlement of the lawsuit or facilitate discovery of prior art. Finally, where reexamination findings are likely to uphold patent validity, a stay should be granted so as to deter infringement by other manufacturers.

There are two factors that militate against the granting of a stay of litigation pending reexamination. The first is the substantial completion of discovery and rulings on pre-trial motions and the readiness of the case for trial so as to make a delay wasteful and unfair. Although the presence of this factor substantially decreases the likelihood that a stay will issue, it does not mandate denial of a stay. The second factor is where

140. There is a likelihood that reexamination will expedite the disposition of litigation by making available to the court a record of reexamination proceedings. See Fisher Controls Co., 443 F. Supp. at 582. The court noted that the record of reexamination would likely be entered at trial thereby reducing the complexity and length of litigation.

141. Courts have demonstrated a willingness to strengthen a patent's presumption of validity where the patent is upheld after reexamination. See Singer Co., 213 U.S.P.Q. (BNA) at 205 n.5 (the granting of a reissue patent creates a rebuttable presumption of patent validity); Dresser Indus., Inc., 211 U.S.P.Q. (BNA) at 1121 (the presumption of validity is bolstered where newly surfaced prior art receives favorable consideration by the Patent Office); Raytek Inc., 211 U.S.P.Q. (BNA) at 408 (considering the presumption of validity of patents issued by examiners, a decision by the court should await their final determination); Choat, 203 U.S.P.Q. (BNA) at 552 ("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 prior art raised, plaintiff will enjoy a strengthened presumption of validity.").

142. As a result of reexamination the parties may be encouraged to forgo further litigation. See Slimfold Mfg. Co. v. Kinkead Indus., Inc., 206 U.S.P.Q. (BNA) 1012, 1013 (N.D. Ga. 1980), in which the court noted that the result of the reexamination may encourage dismissal or settlement of the suit. See also Fisher Controls Co., 443 F. Supp. at 582, in which the court noted that the outcome of the reexamination may encourage a settlement without the further use of the court.

143. Discovery may be expedited when the prior art is first considered by the Patent Office. See cases cited supra note 142.

144. The deterrence of infringement was cited by one court as a reason for granting a stay for reexamination. See Singer Co. v. P.R. Mallory & Co., 213 U.S.P.Q. (BNA) 202, 205 (7th Cir. 1982). The court stated that "reissue of the patent by the Patent Office, while not binding on the courts in an infringement action, could well serve to deter infringement by other manufacturers." Id.

145. Courts have not allowed litigants to abuse the reexamination procedure, and have not granted stays for reexamination in the late stages of a lawsuit. See Digital
proper resolution of the issues calls for the full participation of the party challenging the patent's validity, rather than the limited participation allowed in the ex parte reexamination proceedings.\textsuperscript{146} Where either or both of these factors exist in tandem with any of the factors favoring a stay, the court must employ its balancing test to reach a just result.

CONCLUSION

The new patent reexamination procedure for determining the validity of issued patents provides an alternative to formal court proceedings. The granting of a stay of litigation for reexamination is a discretionary power that should be exercised only after the benefits of reexamination are weighed against the accompanying hardships.\textsuperscript{147} The primary benefits of reexamination are the application of the Patent Office's expertise to the technical issues of a patent dispute and the achievement of judicial economies through a simplified process of testing patent validity. The principal hardship of reexamination is the potential unfairness and wastefulness in delaying the trial pending the outcome of reexamination where the findings are considered merely advisory.

Courts will further the objectives of Congress by granting stays of court proceedings only where reexamination promises to reduce the length and cost of litigation. Courts must not allow litigants to abuse the reexamination procedure by granting stays

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\textsuperscript{146} Magnetic Sys., Inc. v. Ansley, 213 U.S.P.Q. (BNA) 290 (W.D. Okla. 1982). The court stated that parties should not be permitted to abuse the process by applying for reexamination after protracted, expensive discovery or trial preparation. The court granted stay for reexamination, however, since the case had not progressed beyond the initial litigation stages. \textit{See also} Antonious v. Kamata-Ri & Co., 204 U.S.P.Q. (BNA) 294, 297 (D. Md. 1979). The court stated that to hold the case in abeyance for a possibly long period of time when it had already been pending well over a year would be a justifiable burden on the plaintiff only if the reissue procedure appeared especially appropriate.

\textsuperscript{147} The need for full participation in the reexamination proceeding by all parties to the lawsuit has caused courts to deny stays for reexamination. \textit{See Dresser Indus., Inc.}, 211 U.S.P.Q. (BNA) at 1120 ("[T]he reissue procedures invite litigants fully to air their positions respecting patentability and permit the [Patent Office] to make a determination of patentability based upon a far broader scope of relevant information than is possible under the reexamination procedure."). \textit{See also} General Tire & Rubber Co., 193 U.S.P.Q. (BNA) at 483 ("[T]he absence in the [Patent Office] proceedings of an interested adversary make it unlikely that the fraud issues will be examined by the [Patent Office].").

\textsuperscript{147} General Tire & Rubber Co., 193 U.S.P.Q. (BNA) at 482; Fisher Controls Co., 443 F. Supp. at 583.
for reexamination in the late stages of a lawsuit. Patent reexamination, when employed to contain litigation costs, will promote the ultimate goals of the patent system by freeing inventors from the unreasonable expenses of defending their patents.

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