Published on *The National Law Review* https://natlawreview.com

It's a Jungle Out There: A Reexamination Certificate Containing Amended Claims May Be Insufficient to Vacate a Prior Judgment of Invalidity

Article By:

Bradley Roush

In a case with a unique procedural history the Federal Circuit addressed whether claims amended during an *ex parte* reexamination proceeding required vacating a prior judgment of invalidity (on patent eligibility grounds) on the original claims. While stressing the discretion of the district court, the Federal Circuit in *Cardpool, Inc. v. Plastic Jungle, Inc.*(Fed. Cir. Apr. 5, 2016) suggested that a reexamination certificate containing new and amended claims, on its own, is an insufficient basis for vacating a prior judgment of invalidity but that *res judicata* might not necessarily apply to the amended claims.

Case History

Cardpool sued Plastic Jungle for infringement of U.S. Patent No. 7,494,048 in 2012 in the Northern District of California. On January 22, 2013, the district court granted Plastic Jungle's motion to dismiss on the grounds that the claimed subject matter is patent ineligible under 35 U.S.C. § 101. Further, the motion to dismiss was granted "with prejudice." Cardpool then appealed the district court's judgment to the Federal Circuit.

In June 2013, before the appeal was decided, Cardpool filed a request for *ex parte*reexamination. In the request, Cardpool presented amended and additional claims, alongside certain of the original claims. The PTO granted the request for reexamination.

Before the reexamination was complete, on January 30, 2014, the Federal Circuit issued a Rule 36 affirmance of the district court's judgment of invalidity under § 101. Seven days later, the PTO issued a notice of intent to issue a reexamination certificate. The certificate issued on February 27, 2014 and only certain amended claims and new claims were deemed patentable (note that § 101 issues were not considered in the reexamination).

One day later, on February 28, 2014, Cardpool filed a petition for rehearing asking that the Federal Circuit's affirmance of the district court's § 101 judgment be vacated, because the claims at issue no longer existed. On April 29, 2014, the Federal Circuit granted rehearing, and remanded to the district court "to determine what actions, if any, are appropriate in light of the reexamined claims." *Cardpool,*

Inc. v. Plastic Jungle, Inc., 564 F. App'x 582, 583 (Fed. Cir. 2014). However, the Federal Circuit declined to vacate the district court's § 101 judgment, because "it would not be appropriate in this context to vacate the district court's judgment because Cardpool, the losing party below, caused the change in circumstances."

On remand, the parties filed a joint motion, under Fed. R. Civ. P. 60(b), asking the district court to vacate its § 101 judgment, so that the parties could file a voluntary motion to dismiss without prejudice. The joint motion explained that Plastic Jungle had abandoned the business that was accused of infringement, and that Cardpool no longer believed its case was "viable or necessary." The joint motion further asked the district court to vacate the § 101 judgment, because the claims at issue in the judgment were no longer in existence (in light of the PTO's reexamination certificate). Along with the joint motion, Cardpool filed a separate brief in which it explained that the litigation was not settled and, if the judgment was not vacated, Cardpool may lose the right to file a new case against Plastic Jungle with respect to the new claims found in the reexamination certificate.

On May 30, 2014, the district court denied the joint motion to vacate and held:

Since the mootness was due to a voluntary act by Cardpool (the losing party), vacating the final judgment is not appropriate. This order finds that it would be against the public interest for Cardpool (the losing party) to displace our final judgment by simply commencing an ex parte agency reexamination and amending its invalid claims.

Shortly thereafter, Cardpool appealed.

The Appeal

The only issue on appeal was whether the district court was correct in denying the motion to vacate its § 101 judgment. Cardpool argued "it would be inequitable to preserve the final judgment 'with prejudice' because the subject of that judgment no longer exists and that the judgment with prejudice could improvidently strip argued patent rights from Cardpool through the res judicata effect."

Cardpool's concern arose from the Federal Circuit's decision in *Aspex Eyewear, Inc. v. Marchon Eyewear, Inc.*, 672 F.3d 1335 (Fed. Cir. 2012). The *Aspex* court held that a settlement and resultant dismissal with prejudice was *res judicata* against a later suit when infringement reoccurred, although the claims were different due to reexamination. However, in reaching this holding, the court determined that the reexamined claims were simply "new versions" and not "materially different" from an original claim, and thus did not "create a new legal right against infringement that Aspex lacked under the original version of the patent."

Cardpool argued that its facts were different than those in *Aspex*, because the § 101 judgment was pending on appeal when the PTO issued the reexamination certificate, which either amended or eliminated the claims subject to the § 101 judgment.

The Federal Circuit affirmed the district court's denial of the motion to vacate, because there was no longer any case or controversy. Because Plastic Jungle was not alleged to have infringed any of the reexamined claims, Cardpool's only concern was that it may be "estopped from acting in the future against any infringement upon the new reexamined claims." In doing so, the Court noted, in dicta, that "[d]ismissal 'with prejudice' operates as res judicata as to the same cause of action" and that "the issue of validity of the reexamined claims remains to be addressed in any future proceeding."

Conclusion

Those engaged in reexaminations (or other post-grant proceedings) should be aware that a reexamination certificate containing new or amended claims may be an insufficient reason on which to vacate a prior judgment of invalidity, but that *res judicata* may not necessarily apply to such claims as the issue would appear to turn on whether those claims are “materially different” from the original claims.

National Law Review, Volume VI, Number 137