

# The Resurgence and Perils of *Ex Parte* Reexaminations

AUTHORS: JASON EISENBERG, SAL BEZOS, JAMES HIETALA, AND RANDY MONTGOMERY

*Ex parte* reexaminations have re-emerged as an increasingly important component of patent litigation and licensing negotiations. With the passage of the America Invents Act (“AIA”) and the advent of *inter partes* reviews (“IPRs”) and post grant reviews (“PGRs”) in 2012, *inter partes* reexamination were discontinued and *ex parte* reexamination fell out of favor. Over the last few years IPR institution rates have declined. *Ex parte* reexamination requests have increased dramatically—often providing a second chance for petitioners who were unsuccessful in IPR proceedings. The esoteric and nuanced reexamination rules and procedures combined with the complex interplay between reexaminations and AIA trials/litigation proceedings raise unique and often times befuddling issues that parties must consider. This article sheds light on these issues, including summarizing the reexamination process and examining estoppel issues associated with establishing a substantial new question (“SNQ”) of patentability—the limiting function to allow an *ex parte* reexamination request granted. Lastly, we explore the impact of the recent *Vivint* US Court of Appeals for the Federal Circuit<sup>1</sup> decision that may subject hundreds of *ex parte* reexaminations that relied on art used in failed IPR petitions to termination.

## Background

An *ex parte* reexamination is a powerful tool for third-party requesters—often defendants in a patent lawsuit—to attack the validity of patent claims without the estoppel risks associated with IPR and PGR

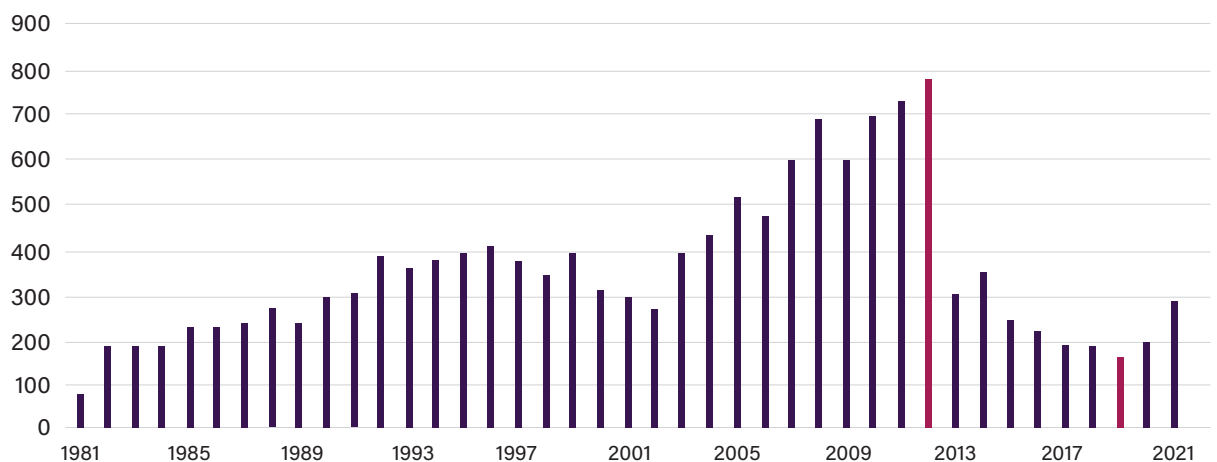
proceedings. Patent Owners, on the other hand, can use *ex parte* reexaminations as a faster alternative to reissue to strengthen their patent claims against invalidity challenges in later or parallel AIA, district court, or US International Trade Commission (ITC) trials. A reexamination request can challenge the validity of one or more claims in the patent on proposed novelty or obviousness grounds based only on patents and other printed publications. Parties can file a reexamination at any time after a patent is granted and up to six years after it expires.

## Ex Parte Reexamination Requests, Grant Rates, and Success Rates

After a peak of nearly 800 filings in 2012 — the year the AIA came into effect—as expected *ex parte* reexamination filings steadily declined until 2019, when they took a somewhat unexpected turn. At that time, *ex parte* reexamination numbers began to rise, and continue to rise today. As shown in Figures 1 and 2, reexamination filings have significantly increased, but remain far below pre-AIA levels.

A surge in reexamination requests following a “failed” AIA challenge accounts for a portion of the overall growth of reexamination filings. As shown in Figure 3, about a third of all such do-over reexaminations were filed in the past two years. Nonetheless, these do-over filings do not fully explain the recent increase in popularity of *ex parte* reexaminations.

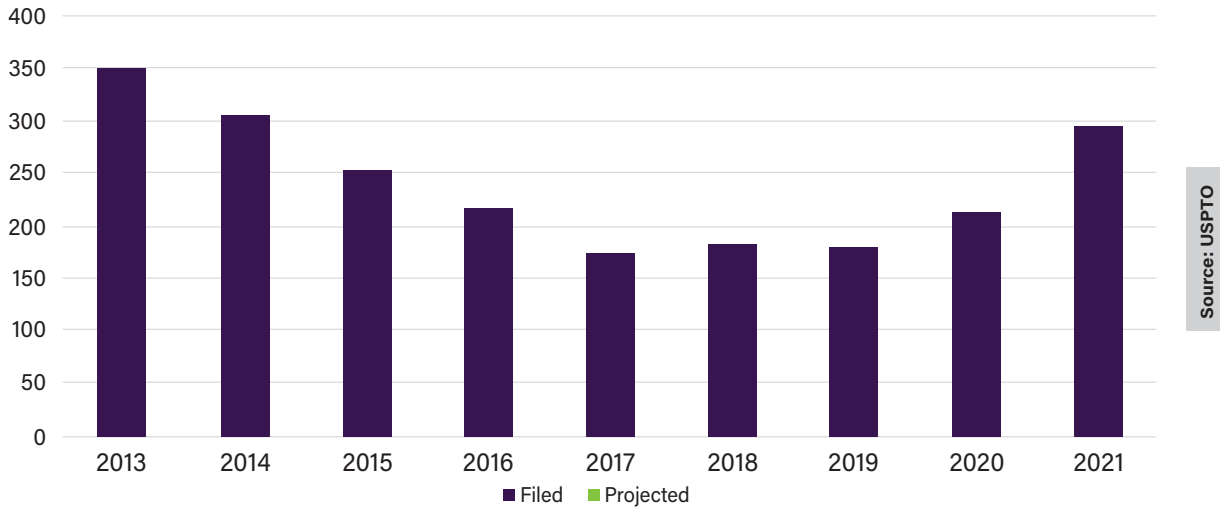
Figure 1: *Ex Parte* Reexam Requests Last 41 Years



Source: USPTO, except for 2021  
By USPTO Fiscal Year

After a peak of nearly 800 filings in 2012 – the year the AIA came into effect – as expected *ex parte* reexamination filings steadily declined until 2019, when they took a somewhat unexpected turn.

**Figure 2: Ex Parte Reexam Requests since AIA**



Ex parte reexamination filings have significantly increased since AIA, but remain far below pre-AIA levels.

The overall increase in filings since 2019 appears to be attributable to three primary factors: (1) *Fintiv* (35 U.S.C. § 314(a)) and 35 U.S.C. § 325(d) discretionary denials, (2) IPR/PGR petitioners who failed on the merits, and (3) accused infringers who either sought to avoid PTAB-related estoppels or delayed filing at the PTAB until after a 35 U.S.C. § 315 bar but still wanted to seek a PTO invalidity challenge.

Turning to reexamination results, a stark difference exists between the threshold for receiving a grant of a reexamination request and invalidating the claims of a patent. As shown in Table 4 on pg. 50, grant of reexamination requests has hovered around 95%.

Although grant rates are high, however, invalidating all the claims of a patent is rare, coming in at around 15 %

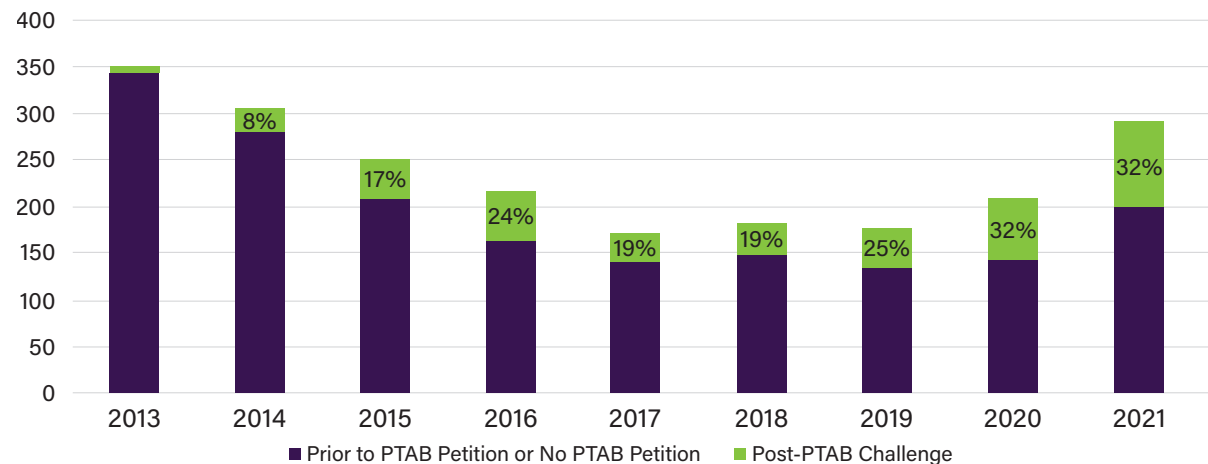
(whether or not a patent owner or a third party files the request), as shown in Tables 5 and 6.

Rather, patent owners typically take advantage of being able to amend—a more difficult task and unpredictable in AIA proceedings—and have obtained favorable outcomes from reexaminations with strategic amendments, sometimes adding additional claims directed to infringing products.

### Ex Parte Reexamination Proceeding Complexities

A complex set of rules govern ex parte reexaminations. From a requester perspective, a successful reexamination request requires at least three things: excellent prior art supported by detailed claim charts, a strong expert declaration, and a reexamination request that ties everything together. A strong expert declaration must

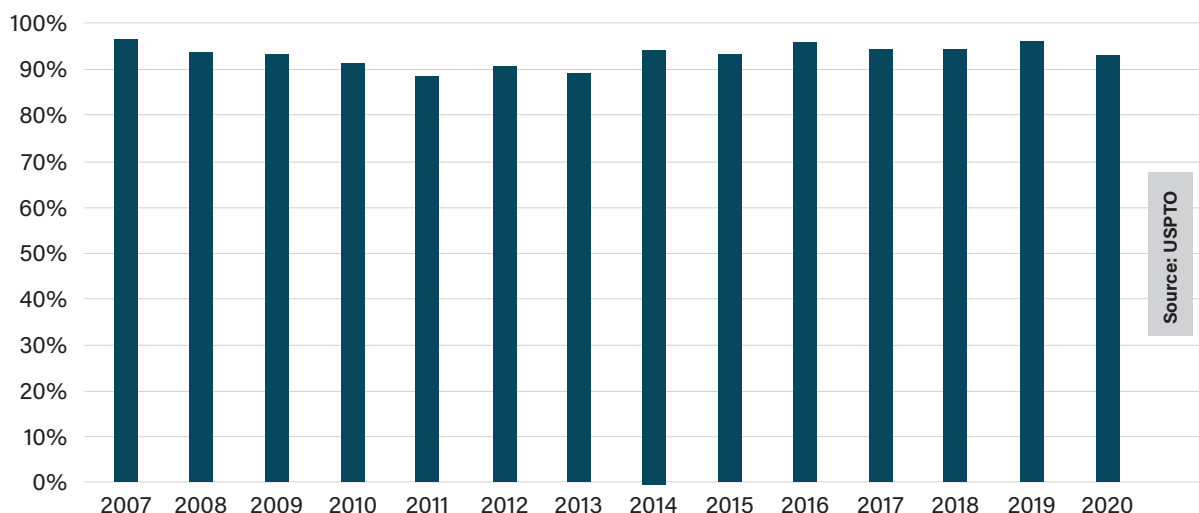
**Figure 3: Reexam-Request Patents – PTAB Challenge Status**



Note: 2021 Total Projected

About a third of all do-over reexaminations were filed in the most recent two years. Nonetheless, these do-over filings, do not fully explain the recent increase popularity of ex parte reexaminations.

**Table 4: Ex Parte Reexam Grant Rate**



A review of reexamination results shows a stark difference exists between the threshold for receiving a grant of a reexamination request and invalidating the claims of a patent.

demonstrate why the claimed invention is in the public domain through a thorough technical tutorial, how and why it is obvious to combine the art, while demonstrating a high expectation of success in achieving the reference combination. Additionally, and often a shortcoming in requests, the request must demonstrate there are no legal, statutory, or rule-based estoppels, bars, or issues that prevent the establishment of an SNQ of patentability. Like all patent litigation, claim construction considerations are fundamentally important. Anticipation and obviousness positions must be based on solid claim construction positions and consider alternative constructions and all potential amendments for unclaimed subject matter. Importantly, although the broadest reasonable interpretation claim construction standard applies for *most* reexaminations, the ordinary and customary meaning standard applies when a patent expiration occurs during reexamination. These claim construction nuances are another issue that may trip up the unwary. Finally, despite the somewhat misleading “*ex parte*” characterization of reexaminations, under the new regime discussed below, requesters need to monitor the reexamination proceeding as a requester may file opposition or rebuttal briefs addressing certain patent owner filings.

From a patent owner perspective, there are three critical reexamination aspects. First, although reexaminations are *ex parte*, they are extremely asymmetric attacks. Second, while reexaminations have a historical reputation of being slow to achieve a final determination, the reality is that the active prosecution aspect of reexaminations happens very quickly and the timeline for prosecution leaves no little flexibility. Third, reexamined patents usually emerge, but with amended claims that are narrower, which trigger intervening rights and potentially reduced damages.

The proceeding takes place *ex parte* with no opportunity for the requester (i.e., patent challenger) to participate after filing the reexamination request with few exceptions. Yet the *ex parte* nature understates the significant advantage the requester has even though its last word typically comes in the reexamination request.

A reexamination request has no page limit and can be hundreds or thousands of pages, while raising dozens of SNQs and proposed rejections. Moreover, the requester has no time limit to file a reexamination request. And after a request is filed and before the CRU decides whether to grant the request, a patent owner cannot respond to a reexamination request, except as explained below. Indeed, the PTO will *discard* any response from the patent owner submitted before the PTO issues an Office action.<sup>2</sup>

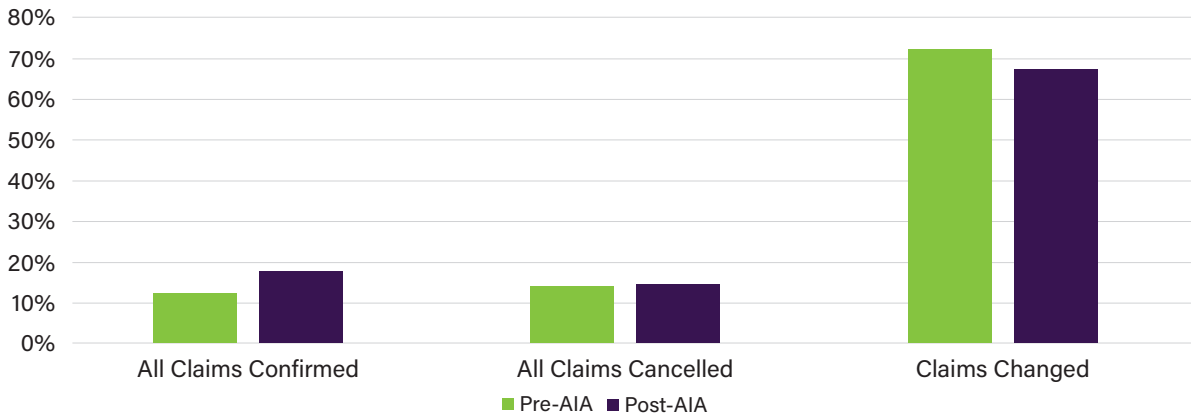
Unlike a reissue proceeding that may not impact the as-issued patent if the proceeding is abandoned, reexamination does not permit the patent owner to stop the reexamination without abandoning some or all claim scope completely.

Reexaminations are very fast and leave virtually no timing flexibility for the patent owner. Only after the PTO orders the reexamination does the patent owner have an opportunity to respond. Even then, best practice suggests that a patent owner does not respond because the patent owner’s statement following a reexamination order triggers the opportunity for a reply from the requester. 37 C.F.R. § 1.535. This gives the requester a valuable second opportunity to attack the patent.

Once a reexamination begins, the timeline is aggressive and unforgiving. Typically, within five months of instituting the reexamination, the patent office issues a first Office action on the merits. The Office action can either reject the claims based on the request or reject the claims entirely independent of the request relying

**Table 5: Ex Parte Reexam Outcomes**

### Patent Owner Requester



**Source: Analysis of USPTO Statistics**  
 Pre-AIA: Compared cumulative outcomes reported in FY12 to FY08  
 Post-AIA: Compared cumulative outcomes reported in FY20 to FY12

Although grant rates are high, invalidating all the claims of a patent is rare, coming in at around 15% (whether or not a patent owner or a third party files the request), as shown in Tables 5 and 6.

on completely new art. It is more typical, however, for the Examiner to write an Office action based on the reexamination request. The patent owner has a non-extendable by right two-month period to respond to the first Office action.<sup>3</sup> Here we want to note a very important distinction from original prosecution that can create issues for the uninformed.

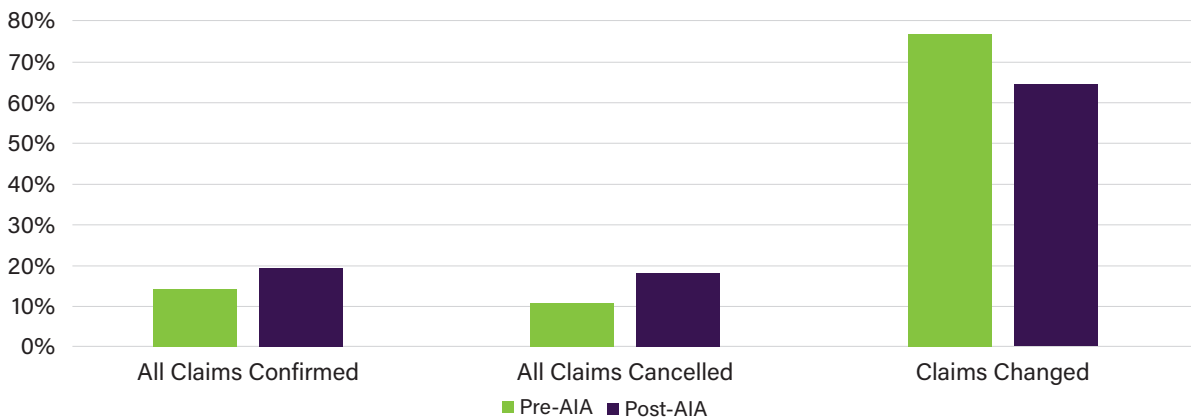
During *ex parte* prosecution, patent owners can retroactively take those extensions by right and without limitation to receive needed flexibility. For example, extensions of time can allow better arguments and perhaps inventors or experts to be marshalled in support of a response. Even so, applicants try to avoid extensions of time because they are costly, both in dollars and in modifications to the patent term.

In reexaminations, though, extensions of time are not retroactive or by right. Indeed, a patent owner must request an extension *before* the initial response due date and must comply with the deadline unless the patent office grants the extension. The language of the rule, Rule 1.550(c) seems reasonable—extensions are available with “sufficient cause” and “not for more than a reasonable time.” In practice, while extensions of two-weeks to one month are often granted, a longer extension is essentially impossible absent extenuating circumstances such as acts of nature, incapacity, or death.

A patent owner may make claim amendments and add new, narrower claims in a reexamination proceeding. But these must be made to the non-final Office action and a patent owner cannot wait for a final Office action

**Table 6: Ex Parte Reexam Outcomes**

### Third Party Requester



**Source: Analysis of USPTO Statistics**  
 Pre-AIA: Compared cumulative outcomes reported in FY12 to FY08  
 Post-AIA: Compared cumulative outcomes reported in FY20 to FY12

to file amendments as they will not be entered absent a showing of good cause that the evidence or argument was unavailable.<sup>4</sup> Requests for continued examination to enter post final Office action claim amendments in reexamination are not permitted.

The Patent Office tries to conduct reexaminations such that the second Office action is final.<sup>5</sup> Once the action becomes final, the patent owner has limited options. The patent owner has no right to further prosecute. So either an after Final reply taking allowable subject matter or proposing very narrowing amendments for allowability needs to be filed or a notice of appeal. If the Examiners decline to change their mind in response to an after-final submission, the patent owner's only recourse is an appeal to the Board.<sup>6</sup>

Ultimately, based on the statistics shown above, most reexamination patents do eventually issue. But the result is that the claims are almost always amended. This is deeply problematic for patent owners as claims amended in reexamination cannot always be used to recover past damages because of intervening rights, a very complex area of the law.

### **Ex Parte Reexamination in a New State of Flux: The Impact of *Vivint*.**

With the surge in do-over reexamination requests after a failed AIA proceeding, the interpretation of *ex parte* reexamination rules will likely continue to evolve as they adapt to the interplay with IPR proceedings. One such evolving interpretation involves the relationship between establishing an SNQ and 35 U.S.C. § 325(d), which has become increasingly important and relevant. In particular, do the SNQ and § 325(d) tests require different and explicit requester, patent owner, and CRU analysis before or after granting or denying a request?

The SNQ standard has a long history. 35 U.S.C. § 303(a) states in relevant part, "within three months following the filing of a request for reexamination . . . the **Director will** determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request." A prior art patent or printed

publication raises an SNQ where there is a substantial likelihood that a reasonable examiner would consider the prior art patent or printed publication important in deciding whether the claim is patentable.<sup>7</sup> The SNQ standard, for which inquiry is based upon fact analysis and performed on a case-by-case basis, seeks to protect the patentee from harassing invalidity challenges. The SNQ requirement protects patentees from having to respond to, or participate in unjustified reexaminations. Further, the requirement bars reconsideration of any argument already decided by the Office, whether during the original examination or an earlier reexamination.<sup>8</sup>

On the other hand, 35 U.S.C. § 325(d) provides, in pertinent part, that "in determining whether to . . . order a proceeding under . . . chapter 30 [the chapter relating to *ex parte* reexamination], . . . the **Director may** take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office." Congress included this section in the AIA to similarly stop harassment of patent owners.

The relationship of what is an SNQ and what qualifies for denial of grant under § 325(d) is unclear. For example, is the bar to proving an SNQ higher or lower than the bar to denying a request because it includes substantially the same art or arguments? Are the same or different factors considered for each? Does the CRU have to address each separately in an Order, or even address them at all explicitly? Does issuing an Order granting reexamination imply the CRU considered both these provisions and moved forward anyway? The Federal Circuit recently suggested as much in *In re Vivint*, 14 F.4th 1342, 1350 (Fed. Cir. 2021). The issues,<sup>9</sup> while still in a state of flux, addressed in *Vivint* are still evolving and critical to effective reexamination practice.

Thus, best practice requires that a requestor address both why they have established a SNQ and why the Office should not deny the request under § 325(d). The patent owner needs to be ready to respond through petition practice if they believe the requester or CRU is wrong in their analysis.

1. *In re: Vivint*, 14 F.4th 1342 (Fed. Cir. 2021).

2. MPEP § 2249.

3. MPEP § 2266

4. MPEP § 2260.

5. MPEP § 2271.

6. MPEP § 2273.

7. MPEP § 2242.

8. House Report 96-1307, 96th Cong., 2d Sess. (1980).

9. In another case, *Alarm.com Inc. v. Hirshfeld*, Case No. 2021-2102, Alarm.com filed three *ex parte* reexaminations after three failed IPRs. The CRU sua sponte denied them under 35 U.S.C. § 315(e)(1) before a decision on grant was issued. Alarm.com sought review of the Director's vacatur decisions under the Administrative Procedure Act (APA), 5 U.S.C. §§ 706(2)(A), (C). *Alarm.com Inc. v. Hirshfeld*, No. 1:21-cv-170. The district court dismissed Alarm.com's complaint on the ground that APA review of the Director's decision was precluded by the *ex parte* reexamination procedures. Alarm.com appealed to the Federal Circuit. On February 24, 2022, the Federal Circuit reversed the district court's determination that Alarm.com was precluded from challenging the Office's action and remand for further proceedings consistent with their opinion.