

Why The Effect Of Vivint Has Been Minimal

By **Yao Wang** (November 16, 2023)

Recent statistics suggest a rise in the popularity of ex parte reexamination, which has been available since 1981 but fell out of favor after the advent of inter partes review, or IPR, under the America Invents Act.[1]

As revealed by the most recent statistics from the U.S. Patent and Trademark Office, the number of ex parte reexamination filings increased from 197 in 2020 to 284 in 2021.[2]

This resurgence appears to track a decline in the institution rate of inter parte review petitions, which bottomed to the all-time low of 56% in 2020.[3]

According to our tally, about one-third of ex parte reexamination requests from 2020 to 2021 were filed after a challenge at the Patent Trial and Appeal Board. The data thus indicates a renewed interest in using ex parte reexamination as an alternative vehicle to challenge patent validity following a decision not to institute an IPR.

While IPR petitions are adjudicated by a panel of administrative patent judges at the PTAB, ex parte reexamination requests are handled by examiners at the Central Examination Unit, or CRU.

Compared to an IPR petition, an ex parte reexamination request has a lower threshold — known as the substantial new question of patentability — for raising an invalidity challenge.

Unlike an IPR petition, which can be time-barred, an ex parte reexamination request can be filed any time while the patent is enforceable. Moreover, a final decision in an ex parte reexamination proceeding has no estoppel, which would otherwise attach when a final written determination issues in an IPR proceeding.

Because a later-filed ex parte reexamination request is often viewed as a second bite at the apple, the ways in which the USPTO should treat such second attempts can be nebulous.

While the PTAB has formulated several frameworks for deciding discretionary denial of a later-filed IPR petition, such frameworks have not been applied to follow-on ex parte reexamination requests handled by the CRU.

However, in the 2021 *In re: Vivint Inc.* case, where the requester, after a series of failed IPR petitions, filed an ex parte reexamination request for the same patent, largely repackaging the arguments raised in its third failed IPR petition, the U.S. Court of Appeals for the Federal Circuit held that Title 35 of the U.S. Code, Section 325(d), "applies to both IPR petitions and requests for ex parte reexamination."

The court further stated:

By statute, the Patent Office must find a 'substantial new question of patentability' before ordering reexamination, 35 U.S.C. § 303(a), and it may deny reexamination



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when 'the same or substantially the same prior art or arguments previously were presented to the Office,' 35 U.S.C. § 325(d).[4]

The court explained that "the Patent Office, when applying § 325(d), cannot deny institution of IPR based on abusive filing practices [at the PTAB, and] then grant [at the CRU] a nearly identical reexamination request that is even more abusive." [5]

Noting the specific facts in Vivint and the differences between the IPR and the ex parte reexamination, the court cautioned that its holding was narrow, and its ruling was limited.[6] As explained below, a survey of post-Vivint ex parte reexamination decisions indicates that the effect of Vivint appears minimal thus far.

Discretionary denial is appropriate only where the facts align with Vivint.

In Re: Haller

In the Feb. 10 In re: Haller, Reexamination Control No. 90/014,770 decision, the reexamination request, or '770 request, was the requester's second challenge to the same claims of U.S. Patent No. 7,039,033., which were already before the office in a previous reexamination proceeding, Reexamination Control No. 90/014,330.[7]

For context, the '033 patent was the subject of multiple litigations, including a series of IPRs, as well as the earlier ex parte reexamination, where the claims in dispute were issued with a reexamination certificate under the same patent number. In the '770 request, the requester requested reexamination of the claims in dispute by adding secondary references to the references already presented in the earlier '330 proceeding.

The patent owner contended that, compared to the earlier '330 request, the "[r]equestor has filed grounds that are similar to the grounds already raised, and once again, as in its last request, added additional, marginally different, art and grounds."

The CRU ultimately agreed with the patent owner and exercised its discretion to reject the '770 request because "the totality of the grounds in the present '770 request that rely on the new secondary references present substantially the same art or arguments as the corresponding grounds in the [prior] '330 request." [8].

Order Granting Ex Parte Reexamination

In the April 21, 2022, Reexamination Control No. 90/019,073, order granting ex parte reexamination, the requester had earlier petitioned for an IPR that was discretionarily denied institution under Title 35 of the U.S. Code, Section 314(a). The decision was based on the factors outlined in Apple Inc. v. Fintiv Inc. in view of parallel litigation at the U.S. International Trade Commission involving the same patent.

The requester then filed an ex parte reexamination request using a single ground that appeared in the prior IPR petition.[9]

The patent owner made the following arguments that the director should exercise her discretionary authority to deny reexamination:

- (1) [The requester] presented the same prior art and arguments in [the earlier IPR] and because [the requester] had used [the patent owner's] preliminary IPR response...to develop their request, they used preliminary response as a "roadmap to

correct deficiencies" in the prior IPR petition.

(2) Discretionary denial is appropriate even though the board's denial in [the earlier IPR] was based on their discretionary authority pursuant to § 314(a) in view of parallel litigation using the factors outlined in *Apple Inc. v. Fintiv, Inc.* (not on the merits of the prior art).

(3) The Advanced Bionics framework supports denying reexamination, based on the Requester's failure to identify material error.

The office provided the following rebuttal to each argument:

(1) [T]he availability of Patent Owner's prior preliminary response did not provide [the requester] with a "roadmap to correct deficiencies" in the prior IPR petition identified by the Board, because the Board did not identify any deficiencies in the prior art. Thus, the facts do not align with the facts in *Vivint...*

(2) Unlike the facts in *Vivint*, where the Board's prior discretionary denial was made under 325(d), in the instant scenario, the prior IPR denial was made pursuant to 314(a) based on a *Fintiv* analysis in view of parallel litigation. Since 35 U.S.C. 314(a) does not apply to ex parte reexamination, it would not be arbitrary and capricious for the Director to order reexamination under 35 U.S.C. 304 after a prior 35 U.S.C. 314(a) discretionary denial based on *Fintiv...*

(3) An ex parte reexamination proceeding is not a trial proceeding. The Advanced Bionics factors were specifically formulated to apply to AIA trial proceedings, not to ex parte reexamination proceedings. Further, although the PTAB's Advanced Bionics factor (2) relates to whether a petitioner has demonstrated a material error by the Office, neither 35 U.S.C. 302 nor 37 C.F.R. 1.510 requires that a request for ex parte reexamination set forth a material error by the Office.

Reexamination is ordered in most cases if the ex parte reexamination request is not based on the same or substantially the same prior art and arguments.

Order Granting Ex Parte Reexamination

In the July 17, 2022, Reexamination Control No. 90/019,081 order granting ex parte reexamination, the requester filed an earlier IPR petition for U.S. Patent 10,031,790, or the '790 patent, which was denied institution under Section 325(d) based on the Advanced Bionics framework.[10]

The requester then filed an ex parte reexamination request for the same '790 patent on the basis of (1) one ground using new art that was not cumulative of the art in the IPR petition, and (2) the same two grounds as used in the IPR but with different arguments regarding an alleged missing limitation in the IPR.

The office provided the following explanation as to why discretionary denial was inappropriate.

A comparison of the prior denied IPR petition as compared to the instant request for reexamination of the '790 indicates that the third-party requester... presents 3 asserted grounds as raising a substantial new question of patentability...Although [substantial new question] 2 and SNQ 3 are based on the same prior art references as grounds 1 and 2 presented in the prior AIA petition, SNQ 1...is not cumulative to either Ground 1 or 2 in the IPR petition. In addition, the requester presented new arguments with respect to SNQ 2 and SNQ 3 and now specifically point[s] to teachings in the prior art to address the teachings related to the claimed feature of an "automotive electronic control unit." Thus, the [EPRX] request as a whole, is not based on the same or substantially the same prior art and arguments as those presented in the prior denied petition. Further, there is no evidence that [the requester] has made serial challenges to the '790 patent apart from the single prior-filed IPR petition.

In Re: Knauf Insulation

In the Federal Circuit's Nov. 2, 2022, *In re: Knauf Insulation Inc.*, decision, after two failed IPR petitions directed to two patents and, subsequently, two failed ex parte reexamination requests, the requester filed two new ex parte reexamination requests using different grounds than the prior post-grant proceedings, and reexamination was ordered in each.[11]

The patent owner then petitioned the director, seeking to vacate the decision to grant the new ex parte reexamination requests based on Section 325(d) and *Vivint*. The Office of Patent Legal Administration, on behalf of the director, denied the petition, focusing its analysis on the discretionary nature of Section 325(d) and distinguishing the facts from *Vivint*.

The OPLA noted that the office had not rejected the earlier IPR petition due to "undesirable, incremental, or abusive petitioning." [12] The OPLA further noted that "the request was based on a single new prior art reference not used in any of the prior proceedings." [13]

The OPLA additionally determined that the framework in *Advanced Bionics* applies to "AIA trial proceedings, not to ex parte reexamination proceedings." [14]

Thereafter, the patent owner petitioned the Federal Circuit, asserting that the decisions granting the new ex parte reexamination requests should be vacated pursuant to Section 325(d) because the same or substantially the same arguments had been raised in prior proceedings.

The court held that, among other things, the patent owner had not shown a clear right to terminate the reexaminations under Section 325(d) based on the court's decision in *Vivint*.

The court distinguished *Vivint* and determined that the USPTO "made a case-specific exercise of discretion that the prior art (and arguments) were not the same or substantially the same as those previously presented in other proceedings, which does not create the same kind of clear, arbitrary departure from prior [US]PTO determinations that was at issue in *Vivint*." [15]

In Re: Sound View Innovations

In the Federal Circuit's November 2022 *In re: Sound View Innovations LLC* decision, the requester initially challenged a claim in an IPR petition using two prior art references. [16] The PTAB denied institution on the merits, determining that the petitioner failed to make a threshold showing regarding a claimed step.

The requester subsequently challenged the same claim in an ex parte reexamination request by adding a third reference to the prior art from the earlier IPR petition to address the previously missing claimed step.

The patent owner requested dismissal under Section 325(d), but the office declined to exercise its discretion, determining that the request was "based on different grounds than [the] prior IPR petition" and that the requester had "not presented serial challenges to the [challenged] patent, other than the single prior IPR petition." [17]

After reexamination was ordered, the patentee petitioned the Federal Circuit for a writ of mandamus, seeking termination of the ex parte reexamination under Section 325(d).

The court distinguished the facts of the case from those in *Vivint*, determining that the demanding standard for mandamus relief was not satisfied, while reserving the right to address the same arguments in the future under the standards of an ordinary appeal. [18]

If a prior IPR has reached a final written determination on the same claims, the CRU will consider the estoppel effect in a later ex parte reexamination proceeding.

In Re: Frankland

In the May 25 *In re: Frankland* decision, a first party filed two covered business method review petitions for U.S. Patent No. 8,484,111, but was denied institution for failing to qualify the '111 patent as CBM-eligible. [19]

Later, a second party filed an IPR petition — the '1750 IPR — for the '111 patent that resulted in a final written determination invalidating all challenged claims.

On appeal, the Federal Circuit remanded the case to the PTAB, which determined that the first party was a time-barred real party in interest of the second party and ultimately vacated the earlier decision to institute an IPR because the petition was time-barred.

In response, the time-barred first party filed an ex parte reexamination request, and the office ordered reexamination, initially rejecting the patentee's Section 325(d) arguments. The office subsequently issued a decision finding the time-barred first party was estopped from raising the invalidity arguments in the ex parte reexamination request because the added prior art reasonably could have been raised in the earlier '1750 IPR.

According to the office,

the record shows that the third party requester of the present reexamination proceeding [(the first party)] is a real party in interest of the petitioner of the '1750 IPR [(the second party)], and that IPR resulted in USPTO issuance of a final written decision pursuant to 35 U.S.C. 318(a) regarding claims 13-18. Further, the proposed grounds in the present request reasonably could have been raised by [the first party and second party] in the prior '1750 IPR.

Findings

In summary, our survey indicates that, thus far, the effect of *Vivint* appears minimal on ex parte reexamination requests filed after a denial of institution at the PTAB. As cautioned by

the Federal Circuit, the holding in *Vivint* is narrow, as justified by its unusual facts.

Consistent with that narrow holding, the USPTO has only exercised discretion not to order reexamination in the most egregious situations where the specific facts align with those from *Vivint*.^[20]

In cases where the ex parte reexamination request is not based on the same or substantially the same prior art and arguments, the USPTO has ordered reexamination.^[21]

In cases where the earlier IPR petition was denied institution on grounds other than Section 325(d) — e.g., the *Fintiv* factors — the USPTO has stated "it would not be arbitrary and capricious for the Director to Order reexamination."^[22]

If, however, the prior IPR has reached a final written determination, the USPTO will factor in the estoppel effect.^[23]

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[1] MPEP 2200.

[2] USPTO statistics as of the close of FY 2021, the most recent year for which full-year data is available.

[3] Institution Statistics.

[4] *In re: Vivint Inc.*, 14 F.4th 1342, 1346, 1354 (Fed. Cir. 2021).

[5] *Id.*

[6] *Id.*

[7] *In re: Haller*, Reexamination Control No. 90/014,770, Decision on Petitions (Feb. 10, 2022), pp. 12-13.

[8] *Id.*

[9] Reexamination Control No. 90/019,073, Order Granting EPRX (April 21, 2022), pp. 11-12.

[10] Reexamination Control No. 90/019,081, Order Granting EPRX (July 17, 2022), p.12.

[11] *In re: Knauf Insulation, Inc.*, No. 2022-166, (Fed. Cir. Nov. 2, 2022); (Request Nos. 90/014,801 and 90/014,807).

[12] Reexam Petition Decision, No. 90/014,801, at p. 5 (August 31, 2022).

[13] Id.

[14] Id.

[15] Id.

[16] In re: Sound View Innovations, LLC, No. 2022-161, (Fed. Cir. Nov. 2, 2022);(Request No. 90/015,011).

[17] [Slip Op., at 2-3.

[18] Id. at 3 — 4.

[19] In re: Frankland et al. Request No. 90/019,069, Decision on Petitions (May 25, 2023).

[20] See e.g., In re: Haller, Reexamination Control No. 90/014,770, Decision on Petitions (Feb. 10, 2022), pp. 12-13.

[21] See e.g., Reexamination Control No. 90/019,081; In re: Knauf Insulation, Inc., No. 2022-166, (Fed. Cir. Nov. 2, 2022) (Request Nos. 90/014,801 and 90/014,807); In re: Sound View Innovations, LLC, No. 2022-161, (Fed. Cir. Nov. 2, 2022) (Request No. 90/015,011).

[22] See e.g., Reexamination Control No. 90/019,073, Order Granting EPRX (April 21, 2022), pp. 11-12.

[23] See e.g., In re: Frankland et al. Request No. 90/019,069, Decision on Petitions (May 25, 2023).