

Ex Parte Reexamination 101

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Meet the Speakers

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Agenda

- Introduction to Ex Parte Reexamination (EPRx)
- Benefits and risks of EPRx
- EPRx Statistics - Grant rates and typical outcomes
- Timing and relationship with concurrent proceedings
- When to Strategically Leverage EPRx and Relevant Considerations
- Strategies for patent owners facing EPRx

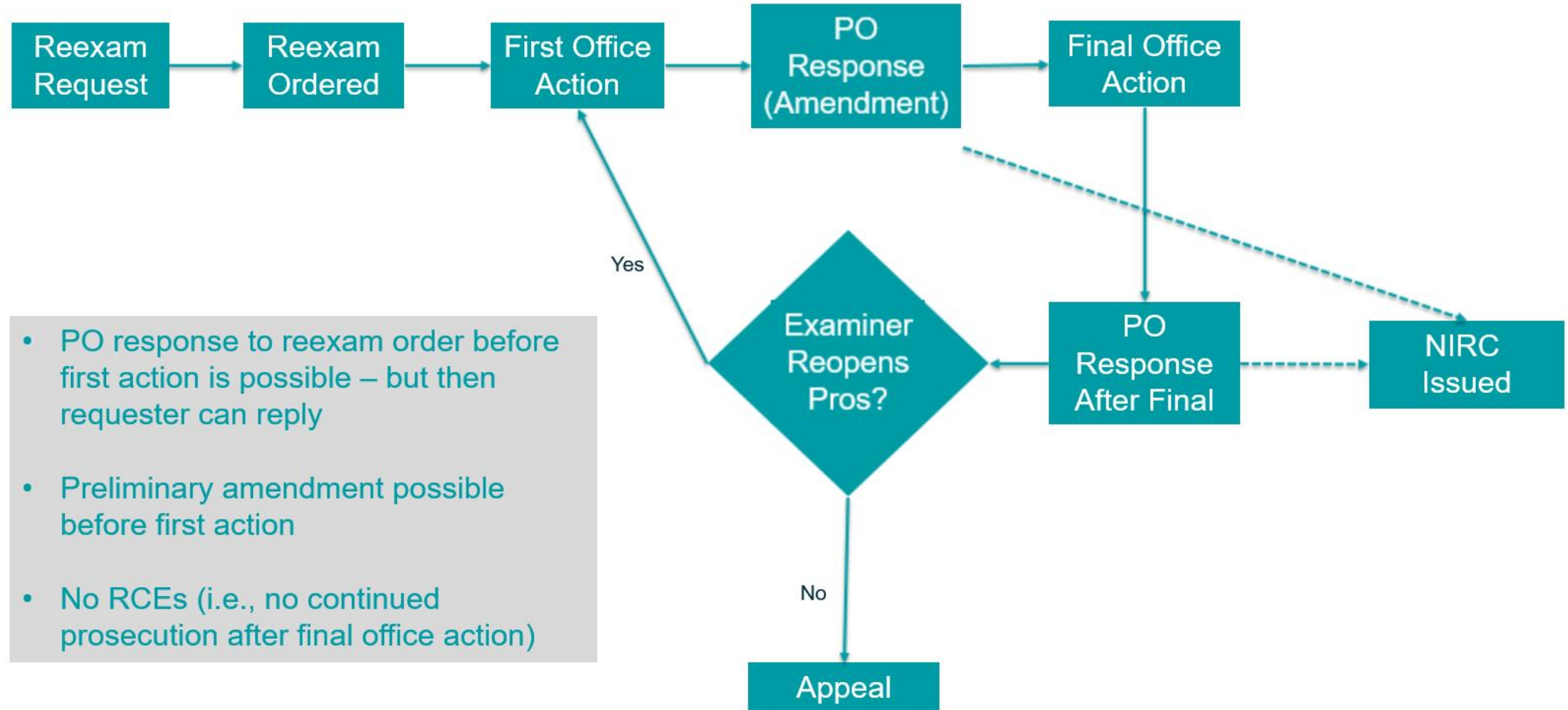
Introduction to Ex Parte Reexamination (EPRx)

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Introduction to *Ex Parte* Reexaminations (EPRx)

- **What is it:** A tool that allows a party to request that the Patent Office reexamine an already-granted patent
- **What art can be leveraged in EPRx:** Patents and printed publications
- **Who can file reexam request:** Anyone (third party, patent owner); third party can file anonymously
- **Threshold for ordering reexamination:** Substantial new question of patentability (SNQ)
- **Can third parties participate after initial request for reexam:** Generally no
- **Who conducts reexamination:** Examiners in Central Reexamination Unit (CRU)
- **Appeal:** Appeal CRU's decision to PTAB → Appeal PTAB's decision to CAFC

Introduction to *Ex Parte* Reexaminations (EPRx)



Key Differences Between IPRs and EPRXs

	IPR	<u>EPRx</u>
Word count	14,000	No limit
Does litigation impact when to file IPR?	Yes – must be within one year of service of complaint	No
Who can file?	Third parties	Third parties; Patent Owner
Estoppel of Petitioning Party	Yes	No
Presiding body	PTAB	CRU Examiners
Claim amendments?	Yes – with motion to amend practice	Yes
Must All Challenged Grounds be Reviewed/Reexamined?	Yes	No – Examiner can pick the grounds on which to order reexam
Avg. Time from Request to Decision by Presiding Body	~18-20 months from petition filing	~12-16 months from request filing
Appeal	To CAFC	To PTAB and then CAFC
Dismiss upon settlement?	<u>Generally</u> yes	No

Benefits and Risks of EPRx

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EPRx Benefits: Patent Challenger's Perspective

- No estoppel created (preserve prior art-based invalidity defenses for other forums)
- EPRx available when IPR is not (e.g., after 1-year from complaint filing, after prior non-instituted IPR challenge)
- No word limits → more robust challenges and larger # of SNQs possible
- Lower standard for raising a challenge (compared to IPRs, D. Ct.)
- Potential to reduce or eliminate damages (intervening rights)
- Increased likelihood of stay pending reexamination (given accelerating timelines)

EPRx Risks: Patent Challenger's Perspective

- Patent challenger generally cannot participate in the reexam after filing of initial request
- Patent Owner can readily amend and add claims during reexamination – whose patentability cannot be challenged by the patent challenger (in the EPRx)
- Although large majority of reexam requests are granted, some claims of the patent generally emerge from reexam
- Even if SNQ exists, there is still a possibility of 325(d) discretionary denial (e.g., if the same or substantially the same prior art or arguments were previously presented to the USPTO)

EPRx Benefits: Patent Owner's Perspective

- Easier to amend or add claims during EPRx (compared to IPRs)
 - Common for Patent Owners to add large volume of claims before first office action
- Ability to initiate reexamination during a pending IPR – especially when things are not going well
- Control which art is substantively evaluated by CRU during reexamination
 - Even when IDSs including art is submitted during reexaminations, CRU may not consider any art/ground other than what's raised in reexam request
- Self-initiated EPRx challenge can strengthen patent against subsequent challenges

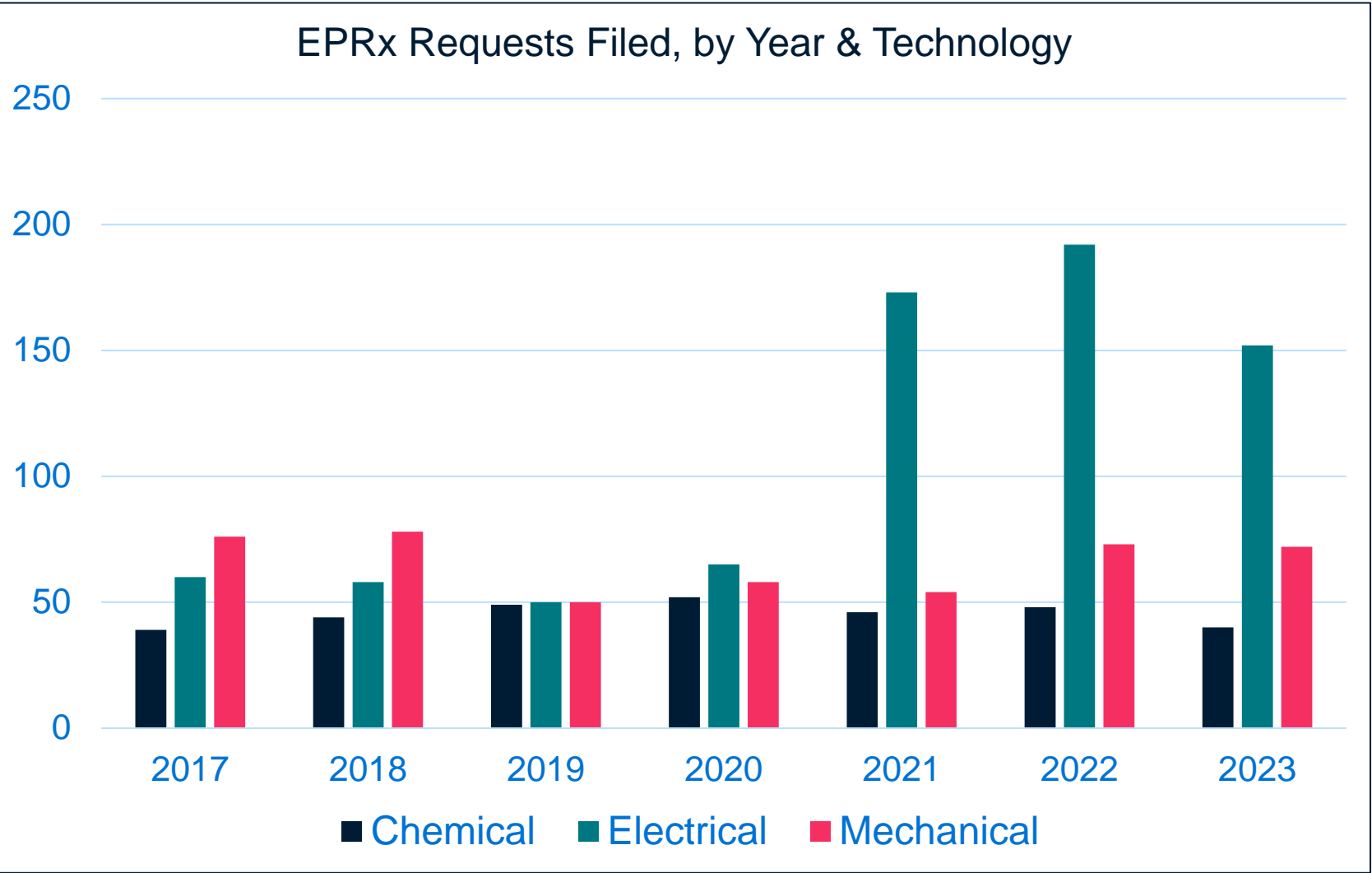
EPRx Risks: Patent Owner's Perspective

- Jeopardizes validity of issued patent, given broader claim interpretation standard (BRI)
 - On average, in 20% of reexams, challenged claims emerged in un-amended form
- Reduced damages (intervening rights)
 - Lesser concern for patents with longer life remaining
 - Open question about intervening rights for newly added claims (absolute v. equitable intervening rights)

EPRx Statistics - Grant Rates and Typical Outcomes

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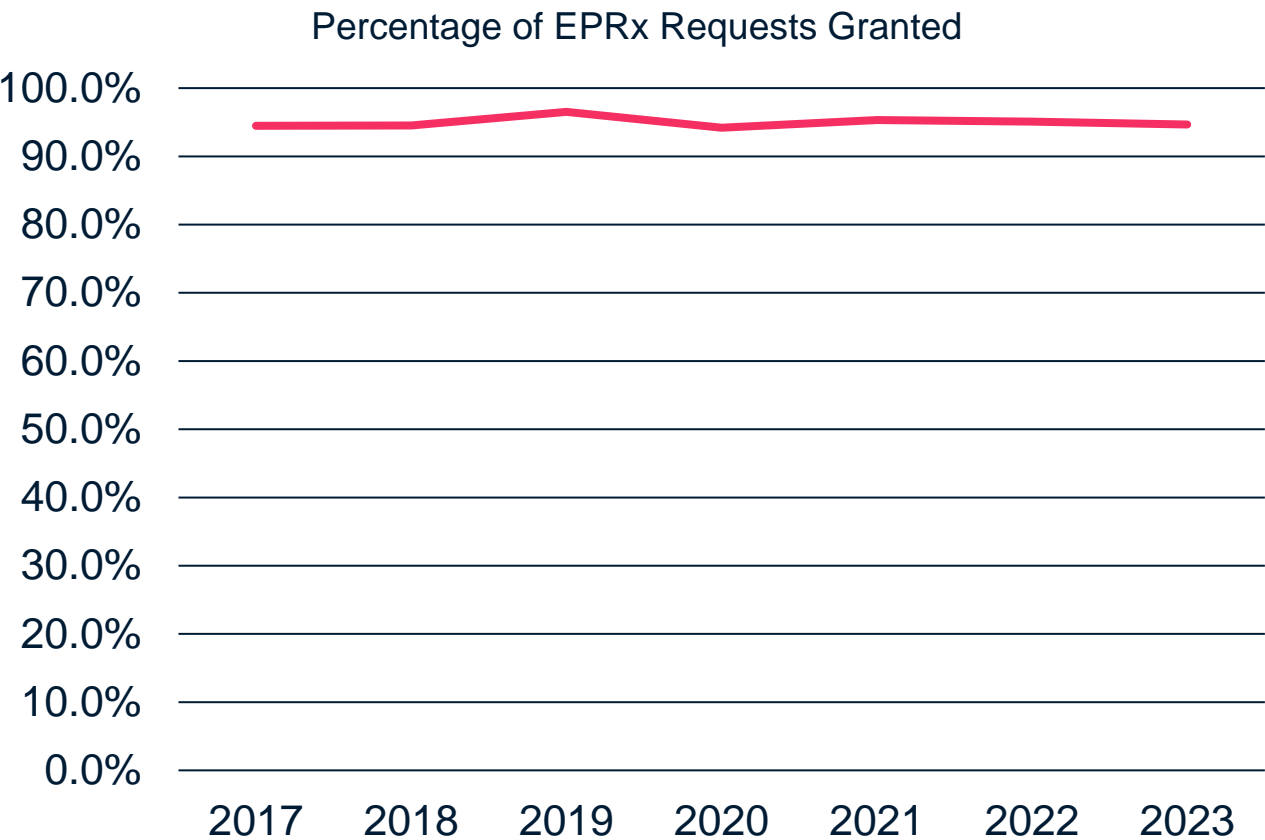
Ex Parte Reexamination Filings



- **44% increase in EPRx filings from FY2020 to FY2021 (from 197 to 284)**
- **Increased level of filings for the electrical technology area continues**

Grant Statistics

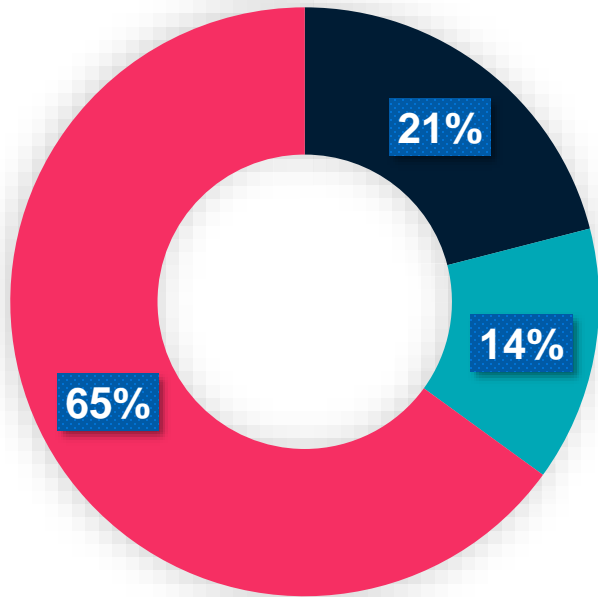
- **Over 90% of EPRx requests are granted**
 - Compare to 67% IPR petition institution rate
- **The CRU must decide on a request within 3 months (see 35 U.S.C. § 303)**
 - Compare to ~6-7 months for IPR institution



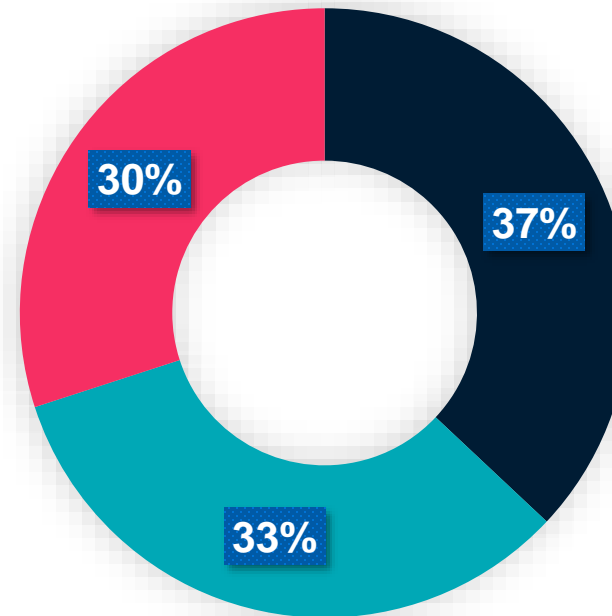
Typical EPRx Outcomes

- Despite the high grant rate, the range of outcomes is wide
- More likely than not, at least some claims will emerge from reexamination
- “Winner-take-all” outcomes are becoming more common

Historical Average

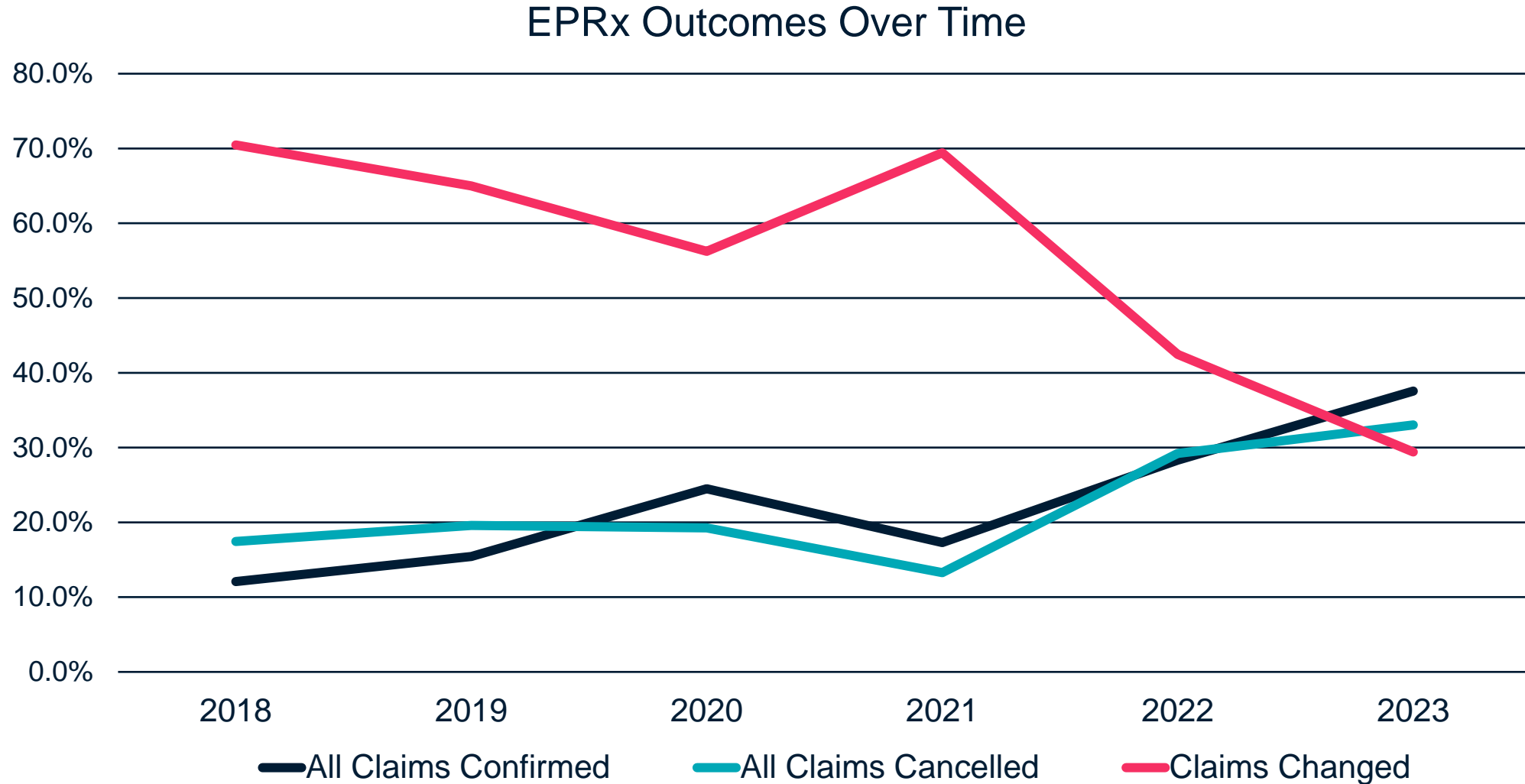


FY2023



- All Claims Confirmed
- All Claims Cancelled
- Claims Changed

Typical EPRx Outcomes



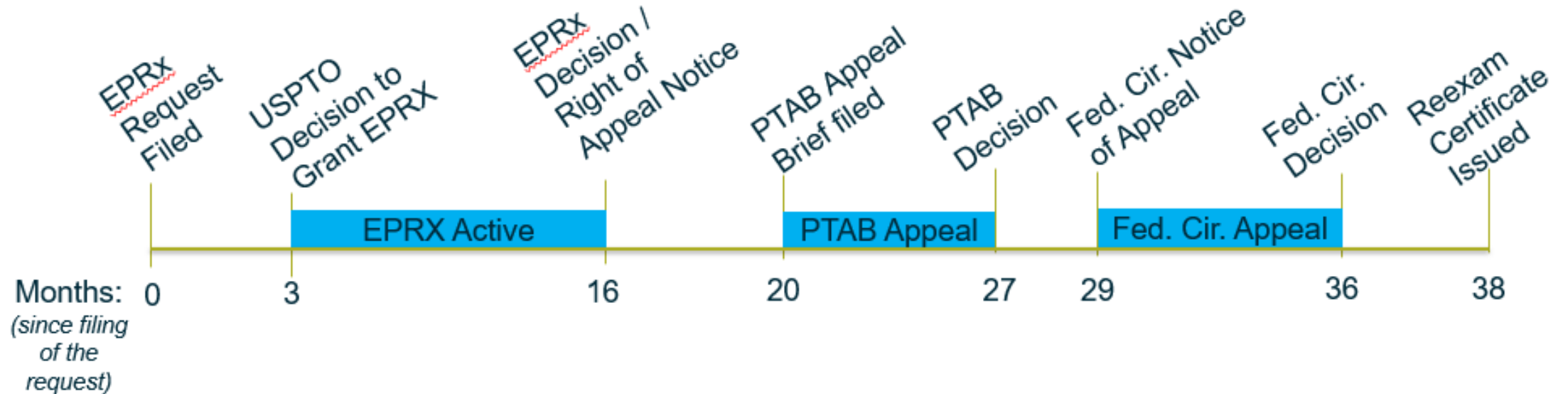
Timing and Relationship with Concurrent Proceedings

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EPRx Timing Considerations

- It may take 2-3 years to conclude an ex parte reexamination and related appeals.
 - Median time to reexamination certificate is roughly 20 months.
 - A PTAB appeal and Federal Circuit would add additional delay.
 - Timeline can also vary if there is a remand from the PTAB, a request for rehearing, etc.

EXAMPLE TIMELINE



EPRx Timing Considerations

- **For a Patent Challenger, filing sooner is often better:**
 - Increased chance of a reexamination certificate before parallel proceedings are concluded
 - Likelihood of a stay increases at early stages of litigation
- **For a Patent Owner, there are often opportunities to delay:**
 - Waiting out the 2-month Patent Owner Response period and Office Action response periods
 - PTAB Appeal
 - Requesting Reconsideration after a PTAB appeal decision
 - Fed. Circuit Appeal

When to Strategically Leverage EPRx and Relevant Considerations

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When to Leverage EPRx and Relevant Considerations

Institution denied in IPR (Petitioner considering EPRx)

- **Timing:**
 - Is there co-pending litigation?
 - If so, consider litigation timing relative to timing of a potential EPRx?
 - How receptive is court to stay or complex validity challenges?
- **Reason for Denial:** Was the IPR denied due to perceived deficiency in presented art or ground?
 - Is new art needed to address that deficiency?
 - Is the same art being presented, albeit in a different light?
- **Remaining enforceable life of patent:**
 - E.g.: patent nearing expiration may be particularly good candidates for challengers – given amendments may reduce or eliminate damages
 - Expired patents are also good targets, since they cannot be amended

When to Leverage EPRx and Relevant Considerations

No co-pending litigation

- **Estoppel and Anonymity**
 - Unlike IPR, EPRx filing does not trigger any estoppel
 - Challengers can request reexamination anonymously, thereby potentially avoiding a litigation being triggered against them
- **Cost:** EPRx are less expensive for challengers and can also be prepared inexpensively by Patent Owners
 - Almost no participation allowed by challengers (saves cost, but cedes control)
 - BUT: Patent Owners can control narrative throughout proceeding
- **Future proofing:** Claims emerging are going to be more inoculated from future challenges

When to Leverage EPRx and Relevant Considerations

Institution granted in IPR (Patent Owner considering EPRx)

- **Strength of Petition and Amendment Considerations**
 - Limited amendments possible in IPR, whereas larger number of amendments may be entered in EPRx
 - No requirement to wait until final decision in IPR before filing EPRx
- **Timing**
 - If amended or new claims issue after IPR bar date, no IPR challenge possible
 - Note: IPR Petitioners should immediately raise with Board
 - Consider timing of co-pending litigation
- **Remaining enforceable life of patent**
 - Is damages impact from potential amendments palatable?

Strategies for Patent Owners Facing EPRx

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EPRx Strategies for Patent Owners

Before a First Office Action

- Even before grant, consider advocating for discretionary denial under 35 U.S.C. § 325(d) if the facts support it
 - While outside the rules, a petition is now commonly allowed if limited to 325(d) issues (e.g., does not argue against the SNQs)
 - Patent Owner should request a waiver, under 37 C.F.R. § 1.183, to suspend the rules that would otherwise disallow entry of a petition (37 C.F.R. §§ 1.530(a) and 1.540)
 - Requester is given a 2-week period to submit an opposition
- If the reexamination is ordered, consider a preliminary amendment, at least to add new claims
- Consider not filing a patent owner statement, because filing one gives the requester a chance to respond

EPRx Strategies for Patent Owners

After the First Office Action

- Start preparing the response early
 - 2-month response period and usually no extensions
- Take advantage of the opportunity to amend claims
 - Amend at the first Office Action, rather than waiting
 - Even if maintaining the original claims, add amended versions as new claims
 - Add new claims (must be narrowing compared to original claims)
- Make use of examiner interviews
- Provide declaration evidence when appropriate
- Consider claim construction positions
 - Careful construction is often how patent owners distinguish prior art without amending the claims
- Keep an eye toward PTAB appeal
 - Set up a record that can support reversal or remand if needed



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