

Stats Show Renewed Interest In Ex Parte Reexamination

By **Michael Sartori** (August 24, 2022, 10:41 AM EDT)

Since the passage of the America Invents Act, inter partes review, or IPR, and post-grant review, or PGR, have been favored over ex parte reexamination to challenge a patent's validity at the U.S. Patent and Trademark Office.

Recently, however, the popularity of ex parte reexamination has increased. This article provides an overview of ex parte reexamination and statistics related to the renewed interest in ex parte reexamination. Further, considerations for the use of ex parte reexamination by third-party requestors are discussed.



Michael Sartori

Overview of Ex Parte Reexamination

With an ex parte reexamination, any person may file a request for ex parte reexamination at any time for any claim of a patent.[1] So, either the patent owner or a third party may submit a request for ex parte reexamination.[2]

To be granted, an ex parte reexamination request must seek to invalidate the challenged claims under either Title 35 of the U.S. Code, Section 102 or Section 103, by using patents, patent applications or other printed publications.[3]

Further, the request must establish that a substantial new question of patentability exists to continue the procedure.[4] Once the ex parte reexamination request is granted and if the request was made by a third party, the patent owner may file a patent owner's statement.[5]

If a patent owner's statement is filed, the third-party requestor may file a reply thereto.[6] If no patent owner's statement is filed or after a reply by the third-party requestor is filed, this ends the active involvement of the third-party requestor in the ex parte reexamination, and the examiner thereafter only interacts with the patent owner.[7]

During the ex parte reexamination, the patent owner may revise the claim set by canceling, amending or adding claims.[8]

Upon completion of the proceeding and after the time for appeal has passed, the USPTO issues an ex parte reexamination certificate confirming claims, amending claims, and adding new claims deemed patentable, and otherwise canceling claims deemed unpatentable.[9]

Ex Parte Reexamination Statistics: A Renewed Interest

Figure 1 depicts the number of ex parte reexaminations filed annually since 1981,[10] and Figure 2 depicts the year-over-year change in these filings since 2013.[11]

Since its introduction in 1981 as a procedure to challenge patent validity,[12] the number of ex parte reexaminations filed each year steadily grew reaching its peak in 2012 with 780 requests filed.

In 2013, when the IPR and PGR procedures became available, the number of ex parte reexaminations dropped by approximately 60% to 305. With the increase in IPR's and PGR's, the use of ex parte reexaminations continued to wane reaching a low of 163 in 2019.

However, in 2020, requests jumped by 21% to 198, and in 2021, requests jumped another 43% to 318 filings. In 2022, this trend appears intact with 89 filings for the first quarter of 2022, compared to 67 filings for the first quarter of 2021.[13]

At this pace for the remainder of the year, 2022 would have the largest number of requests since the AIA with an annualized number of 356 filings.

Figure 1. Annual Number of Ex Parte Reexamination Filings

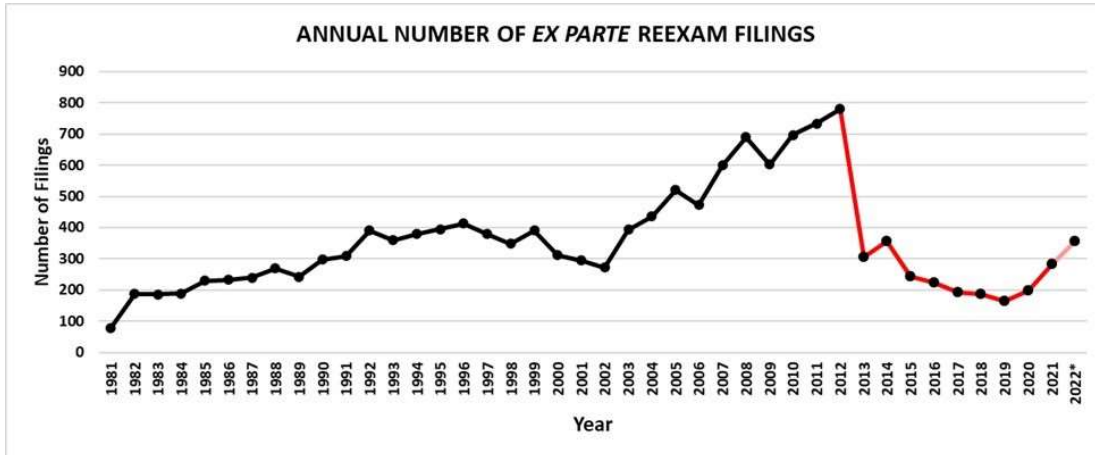
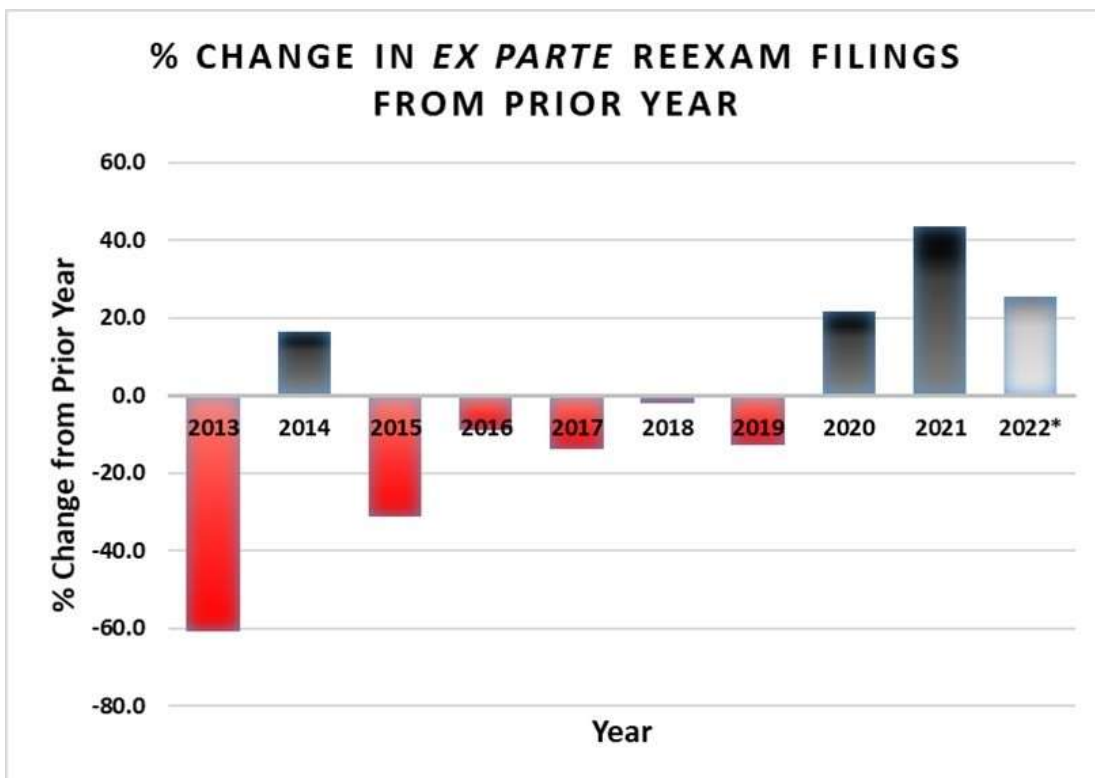


Figure 2. Percent Change in Ex Parte Reexamination Filings From Prior Year



One reason for the increased popularity of ex parte reexaminations may be their cost compared to IPRs and PGRs. For example, the current USPTO filing fee for an ex parte reexamination is to \$12,600, which is reduced to \$6,300 for a streamlined request — e.g., having less than 40 pages. [14]

For comparison, the current USPTO fee to initiate an IPR request is \$19,000 and to proceed post-institution is \$22,500.[15] Moreover, the attorney fees to prepare the two requests may be considerably different due to the amount of effort required.

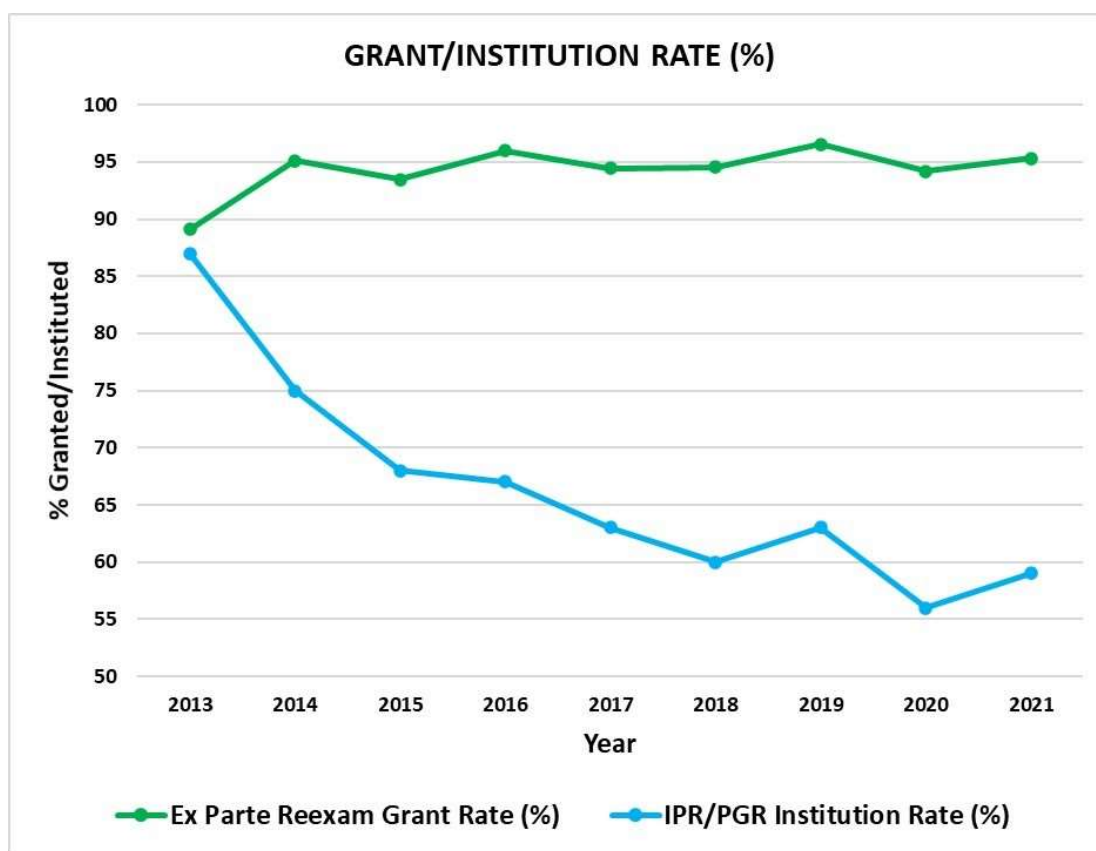
However, this cost differential for an ex parte reexamination goes hand-in-hand with a potential downside for a third-party requestor, namely that the third-party requestor is not an active participant in the ex parte reexamination proceedings.[16]

In contrast, for an IPR or PGR, a patent challenger has an active role in continuing to challenge the patent validity throughout the trial proceedings.[17]

Another possible reason for the increased popularity of ex parte reexaminations may be the percentage of requests that are granted. Figure 3 depicts the percentage of ex parte reexamination requests granted and the percentage of IPRs and PGRs instituted.[18]

For the last five years of data from 2017 to 2021, ex parte reexamination request grant rates have averaged 95%. On the other hand, IPR institution rates for the last five years of data from 2017 to 2021 have averaged 60%, had a high of 87% in 2013, and were 59% in 2021.

Figure 3. Percentage of Ex Parte Reexamination Requests Granted and Percentage of IPR's Instituted

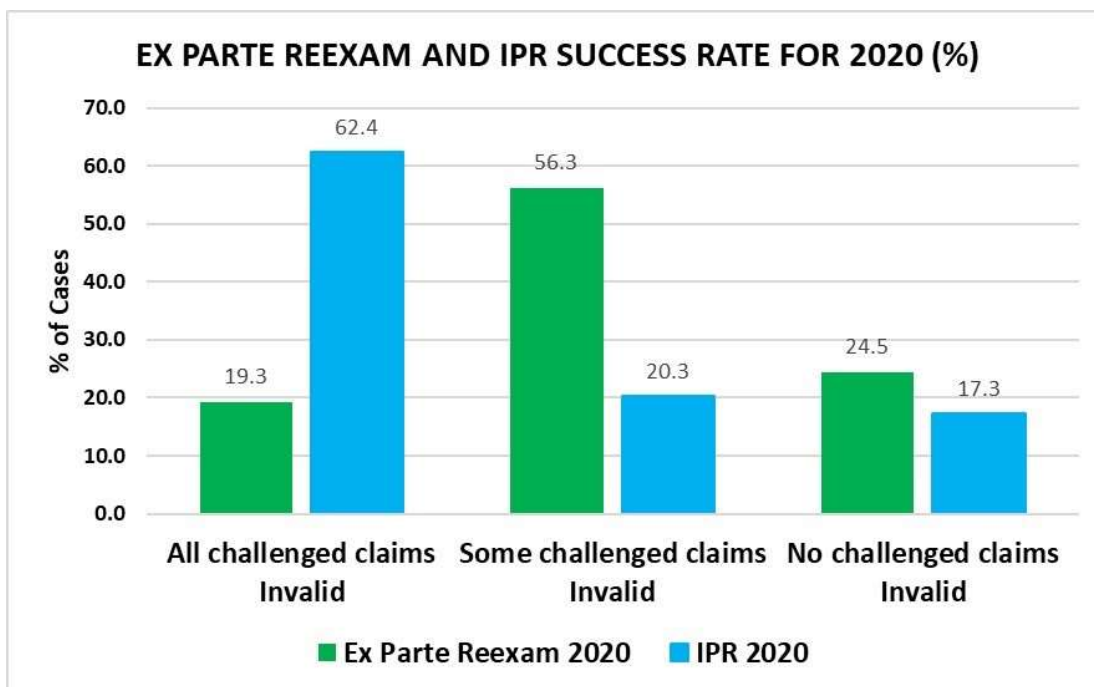


However, these grant rates need to be considered in light of the challenged claims actually being invalidated or substantively changed. Figure 4 depicts the percentage of invalidated claims in 2020 for ex parte reexaminations and IPRs.[19]

In 2020, all claims were canceled in 62.4% of instituted IPRs, while all claims were canceled in only 19.3% of granted ex parte reexaminations. Inversely, some claims were canceled or amended in 56.3% of ex parte reexaminations as compared to some claims canceled in 20.3% of instituted IPRs.

Further, all claims were confirmed in 24.5% of ex parte reexaminations and less in instituted IPRs at 17.3%. As such, in spite of their lower institution rate, once instituted, IPRs result in the invalidation of all of the challenged claims at a much higher rate than ex parte reexaminations.

Figure 4. Success Rate For Claims in Ex Parte Reexaminations and Instituted IPRs



The duration of the two proceedings can also be an important strategic consideration. Ex parte reexaminations have an average pendency of 26.5 months in 2021 from filing to certificate, while IPRs, by statute, must typically reach final written decision within 18 months from their filing date. [20]

While the pendency of IPRs is less than ex parte reexaminations, the impact of litigation stays should be considered as well.

Although this fact seems to weigh against ex parte reexaminations on its face, it should be recognized that in 2021 district courts granted stays to await the results of IPR and ex parte reexamination proceedings in approximately 69.0% and 71.2% of cases where stay was requested, respectively. [21]

Therefore, due to the high rate at which many district court's grant stays, ex parte reexamination decisions are commonly entered prior to the conclusion of a litigation.

However, a patent challenger should account for the risk that a court may refuse to stay a concurrent litigation pending the results of an ex parte reexamination prior to selecting this approach, given that the ex parte reexamination proceedings may very well extend beyond the resolution of the litigation.

Potential Third-Party Considerations for Ex Parte Reexamination

Historically, ex parte reexaminations have been requested much more by third parties than by patent owners. Since 1981, third parties have requested 70.9% of all ex parte reexaminations, patent owners have requested 27.9%, and the USPTO commissioner has requested the remaining 1.2%. [22]

In addition to considering the above statistics on ex parte reexaminations, a third-party requestor may want to consider other aspects of ex parte reexaminations as well.

For example, ex parte reexaminations may be filed anonymously by having another file on behalf of the interested party. [23]

This anonymity may decrease the risk that a patent owner would seek revenge against the third-party requestor, especially in a crowded field where the identity of the challenger may be difficult to ascertain. In contrast, for an IPR, the identity of the patent challenger must be disclosed. [24]

As another consideration, an ex parte reexamination is not subject to estoppel. [25] As such, a third-

party requestor maintains the right to challenge the same claims challenged in an ex parte reexamination again in a subsequent or concurrent litigation using the same prior art and arguments, even if they are unsuccessful during the ex parte reexamination.

In contrast, for an IPR, estoppel exists following a final written decision to prevent a petitioner from asserting either in a civil action or a renewed IPR that a claim is invalid on any ground that the petitioner raised or reasonably could have raised during that IPR.[26]

Once started, however, an ex parte reexamination cannot be withdrawn or abandoned.[27] This may be a benefit for a third-party requestor, as the patent owner is required to see the proceedings through to the end, but this may be a disadvantage for a third-party requestor hoping to use the ex parte reexamination to settle a prospective or concurrent litigation.

In contrast, an IPR may be settled prior to the final written decision.[28] In fact, 22% of IPRs were settled in 2020, and 32% were settled in 2021.[29]

As to establishing a substantial new question of patentability to begin an ex parte reexamination, the third-party requestor may want to consider using its best arguments for invalidity and even provide alternative arguments, especially since estoppel does not attach as discussed above.

Further, the third-party requestor can review the file history of the patent and consider using prior art previously considered by the examiner to establish a substantial new question of patentability.[30]

Moreover, to strengthen the request for ex parte reexamination, the third-party requestor may consider submitting a declaration in support of the request to demonstrate that a substantial question of patentability exists.[31]

Conclusion

Although ex parte reexamination fell out of favor following the commencement of the AIA, ex parte reexaminations have gained popularity in recent years and remain an option for a third party to challenge a competitor's patent.

Ex parte reexamination may benefit a third-party requestor for a variety of reasons, including, for example, high rate of granting a request for ex parte reexamination, lower cost compared to IPR, potential for anonymity, and avoidance of estoppel.

However, ex parte reexamination has potential disadvantages that should also be considered by a third party, including, for example, lower chance of canceling claims compared to IPR, inability for the third-party requestor to actively participate in the proceedings, longer average pendency than IPRs and an inability to withdraw or abandon a request for ex parte reexamination once granted.

Michael A. Sartori is a partner at Baker Botts LLP.

McDermott Will & Emery LLP associate Kyle Sorenson contributed to this article.

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[1] 35 U.S.C. § 302.

[2] M.P.E.P. § 2212.

[3] M.P.E.P. § 2210.

[4] M.P.E.P. § 2216.

[5] M.P.E.P. § 2249.

[6] M.P.E.P. § 2251.

[7] Id.

[8] M.P.E.P. § 2251.

[9] 35 U.S.C. § 307.

[10] USPTO, "Ex Parte Reexamination Filing Data - September 30, 2020," www.uspto.gov/sites/default/files/documents/ex_parte_historical_stats_roll_up_21Q1.pdf; USPTO, "Reexaminations – FY 2022," <https://www.uspto.gov/sites/default/files/documents/reexamination-op-stats-FY22Q1.pdf>. The year is for the USPTO fiscal year, which is from October 1st to September 30th. For 2022, the annualized number is based on the number of filings though the first quarter of 2022.

[11] The year-over-year change was calculated as: $\text{change}(\text{year } 2) = [\text{filings}(\text{year } 2) - \text{filings}(\text{year } 1)] / \text{filings}(\text{year } 1)$.

[12] M.P.E.P. § 2209.

[13] USPTO, "Reexaminations – FY 2022," <https://www.uspto.gov/sites/default/files/documents/reexamination-op-stats-FY22Q1.pdf>.

[14] M.P.E.P. § 2215.

[15] USPTO Fee Schedule, effective January 2, 2021, www.uspto.gov/learning-and-resources/fees-and-payment/uspto-fee-schedule.

[16] M.P.E.P. § 2251.

[17] See 37 C.F.R. § 42.

[18] USPTO, "Reexaminations – FY 2022," <https://www.uspto.gov/sites/default/files/documents/reexamination-op-stats-FY22Q1.pdf>; USPTO, "PTAB Trial Statistics FY21 End of Year Outcome Roundup IPR, PGR, CBM," https://www.uspto.gov/sites/default/files/documents/ptab_aia_fy2021__roundup.pdf; USPTO, "PTAB Trial Statistics FY19 End of Year Outcome Roundup IPR, PGR, CBM," https://www.uspto.gov/sites/default/files/documents/ptab_fy19_end_of_year_outcome_roundup.pdf.

[19] USPTO, "Ex Parte Reexamination historical statistics," <https://www.uspto.gov/learning-and-resources/statistics/reexamination-information>; USPTO, "PTAB Trial Statistics FY20 End of Year Outcome Roundup IPR, PGR, CBM," <https://www.uspto.gov/patents/ptab/statistics>. 2020 is the most year of data available for ex parte reexaminations.

[20] USPTO, "Reexaminations – FY 2022," <https://www.uspto.gov/sites/default/files/documents/reexamination-op-stats-FY22Q1.pdf>; 35 U.S.C. 316.

[21] Docket Navigator, https://search.docketnavigator.com/patent/search/patent_motion_success_by_year; (Requests to stay ex parte reexaminations filed in 2021: 59 filed, 42 granted; Requests to stay IPR filed in 2021: 210 filed, 145 granted).

[22] USPTO, "Ex Parte Reexamination Filing Data – September 2020," www.uspto.gov/sites/default/files/documents/ex_parte_historical_stats_roll_up_21Q1.pdf.

[23] See 37 C.F.R. § 1.501; M.P.E.P. § 2210.

[24] 35 U.S.C. § 312(a)(2).

[25] M.P.E.P. § 2212.

[26] 35 U.S.C. § 315.

[27] M.P.E.P. § 2209.

[28] 35 U.S.C. § 317.

[29] USPTO, "PTAB Trial Statistics FY21 End of Year Outcome Roundup IPR, PGR, CBM," www.uspto.gov/sites/default/files/documents/ptab_aia_fy2021__roundup.

[30] 35 U.S.C. § 303.

[31] M.P.E.P. § 2258(I)(E).