

CLIENT ALERT

Reexamination Estoppel Under § 317 Applies Once Validity Is Finally Decided by Federal Circuit Even if Other Issues Remain Alive

AUGUST 2, 2019

VirnetX Inc. v. Apple Inc. et al., No. 2017-1591 (Fed. Cir. Aug. 1, 2019)

The parties had been involved in litigation since 2010 and inter partes reexaminations since 2011. In 2014, the Federal Circuit affirmed a jury finding of no invalidity for the asserted patents, and also remanded on infringement issues for the patents at issue in the reexamination proceedings. The accused infringer did not seek Supreme Court review of this 2014 Federal Circuit decision, and the time to do so expired. In 2015, the patent owner petitioned the PTO to terminate the pending reexaminations, which the PTO denied. The patent owner appealed and, in a split decision, the Federal Circuit ordered the reexaminations to be terminated.

Pre-AIA section 317(b) bars initiating or maintaining reexaminations after a “final decision has been entered against a party . . . that the party has not sustained its burden of proving the invalidity of any patent claim in suit.” The accused infringer argued there had not been a final decision because future appeals were possible, as validity could be raised in a future petition for certiorari after the remaining infringement issues had been resolved, citing Supreme Court case law that the Supreme Court may consider questions raised in any earlier appeal.

The majority opinion rejected this argument and instead agreed with the patent owner that the 2014 decision became a “final decision” within the meaning of section 317(b) after the period to file a petition for certiorari expired. It held this conclusion was compelled by prior case law that a remand of other issues that will not “have any effect” on validity means the validity decision is final once the period to file a certiorari petition expires. It further held that that the plain language of the statute would also compel the same conclusion because the statute refers to a final decision on a specific issue rather than a final decision on all issues in the case.

The dissent would have held that the statute did not bar the reexamination because the accused infringer could still petition for certiorari. The dissent also criticized the majority opinion as intruding on the Supreme Court’s constitutional prerogative and undermining judicial economy by encouraging piecemeal appeals.

[A copy of the opinion can be found here.](#)

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