

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
Alexandria Division**

GESTURE TECHNOLOGY PARTNERS, LLC, )		
Plaintiff, )	)	
v. )	)	Case No. 1:22-cv-622 (RDA/TCB)
KATHERINE K. VIDAL, Under Secretary of )	)	
Commerce for Intellectual Property and Director of )	)	
the United States Patent and Trademark Office, )	)	
Defendant. )	)	

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**MEMORANDUM OF LAW IN SUPPORT OF DEFENDANT’S MOTION TO DISMISS**

Defendant, Katherine K. Vidal, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, by and through her undersigned counsel, respectfully submits this memorandum of law in support of her motion to dismiss the Complaint pursuant to Federal Rule of Civil Procedure 12(b)(1) and 12(b)(6).

**INTRODUCTION**

Plaintiff, Gesture Technology Partners, LLC, asks this Court to intervene in multiple ongoing administrative proceedings that the United States Patent and Trademark Office (“USPTO”) initiated, which involve four patents Plaintiff owns. Plaintiff generally maintains that the USPTO erred in initiating *ex parte* reexamination proceedings and *inter partes* review proceedings against the four patents because each patent had expired before the proceedings were requested. In this respect, Plaintiff seeks this Court’s judicial review of the USPTO’s preliminary decision to initiate each of the administrative proceedings under the Administrative Procedure Act (“APA”).

Plaintiff’s request for this Court’s interlocutory review is precluded by binding precedent, and as such, the Complaint should be dismissed in its entirety. To start, Plaintiff has failed to exhaust the mandatory administrative remedies Congress created before obtaining judicial review. Under the

Patent Act, Congress created a comprehensive remedial scheme for administrative and judicial review of USPTO decisions to conduct further review of previously-issued patents. This statutory framework, be it for *ex parte* reexamination or *inter partes* review proceedings, channels all judicial review into a single court at the conclusion of the proceedings: the United States Court of Appeals for the Federal Circuit. Binding precedent, namely, *Thunder Basin Coal Co. v. Reich*, 510 U.S. 200 (1994) and its progeny, foreclose Plaintiff's attempt to perform an end run around the detailed statutory scheme Congress enacted that only permits judicial review at the end of the administrative proceedings. Thus, because Plaintiff failed to exhaust its administrative remedies, the Court is without jurisdiction.

Plaintiff also fails to present a proper claim under the APA. The APA requires that parties seek judicial review of *final* agency action. And yet, despite this clear requirement for all APA claims, Plaintiff nevertheless challenges a *preliminary* agency determination. Indeed, the initiation of administrative proceedings, whether *ex parte* reexamination or *inter partes* review, is just that—it marks the beginning of administrative proceedings and has no effect on the rights and obligations of the parties. The institution decisions at issue in this case are therefore *not* final agency action. The Court should dismiss the action in its entirety for this reason alone.

Next, and unique to Plaintiff's for review of the *inter partes* review proceedings, Congress has precluded judicial review of *inter partes* review institution decisions pursuant to 35 U.S.C. § 314(d). Thus, judicial review is not available under the APA, 5 U.S.C. § 701(a)(1), for the claim presented in Count I of the Complaint. Lastly, as to Plaintiff's claim under Count II regarding the USPTO's *ex parte* reexamination proceedings, Plaintiff has an adequate remedy at law to present its arguments at the end of the administrative proceedings. Awaiting Plaintiff at the finish line of any final adverse administrative decision is the opportunity to obtain judicial review from the Federal Circuit, which can then hear and address its arguments that expired patents are not eligible for review in those proceedings.

Accordingly, the Court should dismiss the Complaint in its entirety for lack of subject matter jurisdiction or for failure to state a claim for which relief can be granted.

### **STATUTORY AND REGULATORY BACKGROUND**

The Patent Act currently provides a number of avenues through which an individual or entity can obtain “another look” at the USPTO’s decision to issue a patent. *See, e.g., Return Mail, Inc. v. USPS*, 139 S. Ct. 1853, 1860 (2019); *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1353 (2018) (describing the administrative remedies available to challenge issued patents).<sup>1</sup> Relevant to this action are *ex parte* reexamination proceedings and *inter partes* review proceedings.

Although the propriety of the USPTO decisions to initiate *ex parte* reexamination and *inter partes* review proceedings are not at issue in this motion, it is nevertheless important initially to understand the comprehensive scheme for administrative and judicial review that Congress created.

#### **1. Patent Examination**

At the outset, an individual who seeks a patent on a particular invention must file an application with the USPTO that contains a specification describing the invention, claims that define the scope of the protection sought, and an oath by the applicant to the effect that she or he believes that she or he is the original inventor of the invention at issue. *See* 35 U.S.C. §§ 111(a); 115. A USPTO patent examiner thereafter reviews the application and determines whether the application presents claims that are patentable. *See id.* § 131. If “it appears that the applicant is entitled to a patent under the law,” the USPTO “shall issue a patent.” *Id.*

If, however, the assigned patent examiner believes that the applicant is *not* entitled to a patent, she or he will issue written “rejections” containing the reasons for which the examiner finds the claims

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<sup>1</sup>As the Federal Circuit recently acknowledged, individuals or entities can (and often will) pursue more than one of these review mechanisms simultaneously; *e.g.*, by challenging the validity of a given patent as a defense to a civil action brought against them in federal district court for infringement, and at the same time, commencing an administrative process at the USPTO. *See In re Vivint, Inc.*, 14 F.4th 1342, 1345-46 (Fed. Cir. 2021).

do not satisfy the statutory requirements for patentability. *Id.* § 132. Once proposed patent claims have “been twice rejected,” the applicant may notice an appeal of the examiner’s final decision to the Patent Trial and Appeal Board (“PTAB”), *id.* § 134, which is an administrative appellate tribunal within the USPTO, *see id.* § 6(a). And if the applicant remains dissatisfied after the PTAB has issued a final decision in the administrative appeal, the applicant is entitled to seek Article III judicial review, which Congress has channeled into two particular courts: (1) an appeal to the United States Court of Appeals for the Federal Circuit, *see id.* §§ 141-44; or (2) a civil action filed in the United States District Court for the Eastern District of Virginia, *see id.* § 145.

## 2. *Ex Parte* Reexamination (35 U.S.C. §§ 302-307)

Until approximately 1980, individuals or entities seeking to challenge the validity of an issued patent were without any real administrative recourse. *See Patlex v. Mossinghoff*, 758 F.2d 594, 601 (Fed. Cir. 1985). Congress concluded that this gap forced many to file costly and time-consuming challenges to patent validity in the federal court system, when the same challenge “could be conducted with a fraction of the time and cost of formal legal proceedings,” in a USPTO proceeding. *See* H.R. Rep. No. 96-1307, at 3 (Sept. 9, 1980), *reprinted in* 1980 U.S.C.C.A.N. 6460, 6462. Congress therefore created an administrative alternative to federal court litigation known as “*ex parte* reexamination,” which authorized the patent owner<sup>2</sup> or third parties to request that the USPTO reexamine “the substantive patentability” of an issued patent..

a. Congress provided that “[a]ny person at any time may” commence the *ex parte* reexamination process by filing “in writing” a “request for reexamination by the [USPTO] of any claim of a patent” based on prior art<sup>3</sup> that the requester believes may bear on the validity of that patent

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<sup>2</sup>A patent owner may request reexamination to amend (by narrowing) particular patent claims in an effort to avoid a judgment in federal district court that the patent is invalid. *See, e.g., TC Tech. LLC v. Sprint Corp.*, 2021 WL 4521045, at \*6 n.3 (D. Del. Oct. 4, 2021).

<sup>3</sup>As a general matter, “prior art” consists of other patents or printed publications that were “available to the public before the effective filing date of the claimed invention,” 35 U.S.C. § 102(a)(1), and thus

claim. 35 U.S.C. § 302; *see also id.* § 301. Within three (3) months of the filing of such a written request, the USPTO – through an assigned examiner – must “determine” whether the request “raise[s]” a “substantial new question of patentability affecting any claim of the patent” at issue. 35 U.S.C. § 303(a); *see also* 37 C.F.R. § 1.515(a). If there is a “substantial new question of patentability,” the Director orders “reexamination of the patent for resolution of [that] question.” 35 U.S.C. § 304.<sup>4</sup>

The patent owner has no right to respond to a request for *ex parte* reexamination before it is determined whether a “substantial new question of patentability” exists. *See* 37 C.F.R. § 1.530 (providing that the agency will not consider any statement or response to the request submitted by the patent owner before the substantial-new-question determination is made). After the Director orders reexamination to commence, the patent owner is provided with at least two (2) months within which to file a statement on the “substantial new question of patentability” for the examiner’s consideration. *See* 35 U.S.C. § 304; *see also* 37 C.F.R. § 1.525(a). The third-party requester is then provided a single opportunity to file a further statement in reply to that of the patent owner; after this, the third-party requester has no further involvement in the reexamination process. *See* 35 U.S.C. § 304; *see also* 37 C.F.R. §§ 1.535; 1.550(g).

b. After these responses are received, *ex parte* reexamination proceeds exactly like the initial examination process – with a “back and forth” between the examiner and the patent owner about the validity of the relevant patent claims. *See* 35 U.S.C. § 305; *see also* 37 C.F.R. § 1.550(a). Accordingly, once the examiner issues a final rejection of any of the patent claims at issue, the patent

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serves as one basis on which the USPTO (or a federal court) determines whether a patent application discloses subject-matter that is sufficiently innovative as to be patentable, *see id.* §§ 102-03. An *ex parte* reexamination request is limited to “prior art consisting of patents or printed publications.” 35 U.S.C. § 301(a)(1).

<sup>4</sup>Importantly, however, the USPTO does not need a written request from either a patent owner or an interested third-party to commence the *ex parte* reexamination process. Rather, Congress provided USPTO with the authority to commence *ex parte* reexamination *sua sponte*, whenever it learns of prior art that raises a “substantial new question of patentability” concerning a given patent. *See id.* § 303(a); *see also* 37 C.F.R. § 1.520.

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