ALARM.COM INC. v. HIRSCHFELD, Appeal No. 2021-2102 (Fed. Cir. February 24, 2022). Before Taranto, Chen, and Cunningham. Appealed from E.D. Va. (Judge Hilton).

Background:

Vivint, Inc. sued Alarm.com for infringement of three of its patents. In response, Alarm.com filed unsuccessful inter partes reviews (IPRs) of all three patents. After receiving unfavorable rulings in the IPRs, Alarm.com tried to initiate ex parte reexaminations of the three patents. These were vacated by PTO Director Hirschfeld as being estopped by the decisions in the IPR proceedings. In vacating the ex parte reexaminations, Hirschfeld did not decide whether or not the requests presented a "substantial new question of patentability" as normally required to deny an ex parte reexamination.

Alarm.com sought judicial review of the Director's vacatur of the ex parte reexaminations in the district court under the Administrative Procedures Act (APA). The district court held that the Director's vacatur was not subject to judicial review. Alarm.com appealed.

Issue/Holding:

Did the district court err in holding that the Director's vacatur of the ex parte reexaminations was not subject to judicial review? Yes, reversed-in-part and remanded.

Discussion:

The Federal Circuit first reviewed the history of ex parte reexamination, the statutory provisions concerning judicial review, and IPRs. The 1980 law establishing ex parte reexamination states that if the Director denies an ex parte reexamination request based on a finding that there is no substantial new question of patentability, such a decision is nonappealable. However, the law is silent on appealing such decisions in other situations.

When IPRs were created in 2011, a new statutory provision was added (§ 315(e)(1)) precluding initiation of any PTO proceeding with respect to a claim subject to an IPR decision, on grounds that were raised or reasonably could have been raised during the IPR. Moreover, other statutes relating to appeal of reexamination proceedings only granted appeal rights to patentees, and no other parties. Based on this, the Director argued that the legal framework implied that non-patentees had no right to appeal a decision to vacate a reexamination procedure. Thus, judicial review under the APA would be statutorily precluded.

The Federal Circuit provided a detailed analysis of the case law surrounding judicial review under these circumstances. In particular, the law establishes that there is a strong presumption against a finding that statutes preclude judicial review. In other words, there needs to be clear and convincing evidence that the law intends to preclude judicial review.

In this case, the statutes did not provide clear and convincing evidence. The 1980 law only precluded judicial review where the denial of the ex parte reexamination was based on a finding of no substantial new question of patentability. Although the other statutes relating to appeal of reexamination proceedings only granted appeal rights to patentees, this only provided an implication that other parties could not appeal. This implication fell short of the requirement for clear and convincing evidence.