

In re Vivint, Inc., 14 F.4th 1342 (Fed. Cir. 2021)

BY WILLIAM H. MILLIKEN

Alarm.com filed three petitions for *inter partes* review (IPR) against Vivint, Inc.'s '513 patent. The Patent Trial and Appeal Board (Board or PTAB) denied institution of the first two petitions because Alarm.com had failed to show a reasonable likelihood that it would prevail on the merits, and it denied institution of the third petition (the '091 petition) because it was, in the Board's view, an example of "undesirable, incremental petitioning" that "used prior Board decisions as a roadmap to correct past deficiencies."

Alarm.com then filed a request for *ex parte* reexamination (EPR) of the '513 patent. The EPR request "[l]argely . . . repackaged the arguments raised" in the '091 petition. After EPR was initiated, Vivint asked the U.S. Patent and Trademark Office (PTO) to terminate the proceeding because the EPR request should have been denied under 35 U.S.C. § 325(d) for the same reasons that the Board denied institution of the '091 petition. Vivint also argued that the EPR request did not present a substantial new question of patentability because Alarm.com had previously raised the same issues to the PTO in the '091 IPR. The PTO rejected those arguments, holding that (i) it lacked authority to terminate an EPR once the EPR request was granted; (ii) differences between EPRs and IPRs could justify different treatment under § 325(d); and (iii) the EPR request raised a substantial new question of patentability.

The U.S. Court of Appeals for the Federal Circuit vacated the PTO's decision and remanded the case with instructions to terminate the EPR. The court first held that the EPR request did present a substantial new question of patentability because (i) the PTO did not consider the merits of the arguments when it denied institution of the '091 petition and so those arguments still qualified as "new," and (ii) in any event, the EPR request raised two additional questions of patentability that were not raised in the '091 petition.

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The court held, however, that the PTO's treatment of Vivint's § 325(d) arguments was erroneous. The court rejected the PTO's position that it lacked authority to terminate an ongoing EPR. The PTO, the court concluded, has inherent authority to reconsider a decision granting an EPR request because "[t]he power to reconsider is inherent in the power to decide." The court further concluded that the PTO acted arbitrarily and capriciously in maintaining the EPR because the '091 petition was denied because of "Alarm.com's abusive filing practices" and the EPR request "was a more egregious abuse than the '091 petition under the same considerations already analyzed by the Board." The court characterized its holding as a "narrow" one—"the Patent Office, when applying § 325(d), cannot deny institution of IPR based on abusive filing practices then grant a nearly identical reexamination request that is even more abusive." Finally, the court noted that the PTO director may still launch a reexamination at her own initiative "even when a particular challenger has engaged in improper serial filing."