

PTAB Estoppel, Post-SAS: Perspectives from the PTAB Chief Judge and Practitioners

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Hosted by the NYIPLA PTAB Committee



Part I

Estoppel at the PTAB

Estoppel at the PTAB

- ▶ **35 U.S.C. § 315(e)(1)**
 - ▶ **(1) PROCEEDINGS BEFORE THE OFFICE.**—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

Estoppel at the PTAB

- ▶ **When Does Estoppel Attach?**
 - ▶ Estoppel attaches upon the PTAB issuing a Final Written Decision under § 318(a). **35 U.S.C. § 315(e)(1); *Apple Inc. v. Papst Licensing*, IPR2016-01860, Paper 28 (Jan. 10, 2018).**
 - ▶ The Board can treat two FWDs issued on the same day as “simultaneous and therefore outside § 325(e)(1)’s scope.” ***Progressive Casualty Ins. Co. v. Liberty Mutual Ins. Co.*, No. 2014-1466, 2015 WL 5004949, at *2.**
 - ▶ The Board will not dismiss a case on the presumption that estoppel will attach in the future. **See *Samsung Elec’s Am. v. Uniloc Luxembourg, S.A.*, IPR2018-01664, Paper 7.**

Estoppel at the PTAB

- ▶ To what does estoppel attach?
 - ▶ Estoppel is applied on a claim-by-claim basis. 35 U.S.C. § 315(e)(1); *Westlake Servs.V. Credit Acceptance Corp.*, CBM2014-00176, Paper 28 (precedential).
 - ▶ The Board will dismiss estopped claims from a proceeding.

Estoppel at the PTAB

- ▶ To whom does estoppel attach?
 - ▶ Estoppel is applied on a party-by-party basis.
 - ▶ The Board will dismiss estopped parties from a proceeding.
See Facebook et al. v. Uniloc USA, Inc. et al. IPR2017-01427 (.

Estoppel at the PTAB

- ▶ What does it mean to “maintain a proceeding”?
 - ▶ Maintaining a proceeding before the PTAB refers to “participating in further argument,” or “active participation” with respect to a claim. *See Facebook et al. v. Uniloc USA, Inc. et al. IPR2017-01427, Paper 30 at 7 .*

Estoppel at the PTAB

- ▶ When will the Board terminate a proceeding?
 - ▶ 35 U.S.C. § 315(e)(1) by its terms does not prohibit the Board from reaching decisions. *Progressive Casualty Ins. Co. v. Liberty Mutual Ins. Co.*, No. 2014-1466, 2015 WL 5004949, at *2.
 - ▶ Termination of proceedings is discretionary. *Int’l Bus. Mach. Corp. v. Intellectual Ventures II, LLC*, Case IPR2014-01465, Paper 32 at 9.
 - ▶ The Board will terminate a proceeding when “appropriate” under 37 C.F.R. § 42.72. *See Apple Inc. v. Papst Licensing*, IPR2016-01860, Paper 28 (terminating a case where the sole petitioner was estopped and oral argument and a Final Written Decision remained).

Estoppel at the PTAB

- ▶ What grounds “reasonably could have been raised” during a proceeding?
 - ▶ Reasonably could have been raised grounds include “any grounds that the petitioner reasonably could have included in a petition,” not only those grounds on which the Board instituted trial. *Kingston Tech. Co., Inc., v. Spec Techs., Inc.*, IPR2018-01002, Paper 12 (Nov. 6, 2018).
 - ▶ A ground “reasonably could have been raised” if it encompasses prior art that a “skilled searcher conducting a diligent search reasonably could have been expected to discover.” *Apple Inc. v. Papst Licensing*, IPR2016-01860, Paper 28 (Jan. 10, 2018).

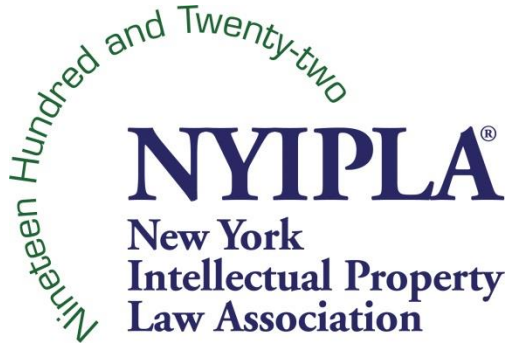
Estoppel at the PTAB

▶ Estoppel of Real Parties and Privies

- ▶ Estoppel extends to the real party in interest or privy of a party estopped under § 315(e)(1).
- ▶ A party does not become a privy of a petitioner solely by virtue of joining an instituted proceeding involving the petitioner. *See Facebook et al. v. Uniloc USA, Inc. et al. IPR2017-01427, Paper 48 at 4-5.*

Estoppel at the PTAB

- ▶ Estoppel and Discretionary Denial Under § 314
 - ▶ The specter of estoppel under § 315(e)(2) weighs against discretionary denial of a multiple petitions under § 314 because estoppel “forces a petitioner to decide the breadth of the challenge to bring given the risk that certain grounds may not be brought in a parallel civil action. *Intex Rec. Corp. v. Team Worldwide Corp.*, IPR2018-00871, Paper 14 at 11.



Part II

Estoppel in District Courts

Estoppel in District Courts

▶ 35 U.S.C. § 315(e)(2)

- ▶ **(2) Civil actions and other proceedings.**—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

Estoppel in District Courts

▶ Pre-SAS Rule (*Shaw Industries*)

- ▶ “Both parts of § 315(e) create estoppel for arguments “on any ground that the petitioner raised or reasonably could have raised *during* that inter partes review.” Shaw raised its [certain prior art] ground in its petition for IPR. But the PTO denied the petition as to that ground, thus no IPR was instituted on that ground. The IPR does not begin until it is instituted. See *Cuozzo*, 793 F.3d at 1272. Thus, Shaw did not raise—nor could it have reasonably raised—the [certain prior art] ground *during* the IPR. The plain language of the statute prohibits the application of estoppel under these circumstances.”

Shaw Indus. Group v. Automated Creel Sys. (Fed. Cir. 2016)
(emphases in original)

Estoppel in District Courts

- ▶ **District courts have declined to apply statutory estoppel against non-instituted claims, regardless of the basis on which institution was declined**
 - ▶ *Illumina Inc. v. Qiagen N.V.*, 207 F. Supp. 3d 1081 (N.D. Cal. Sep. 9, 2016);
 - ▶ *Depomed Inc. v. Purdue Pharma LP*, No. 3:13-cv-00571 (D.N.J. Nov. 4, 2016);
 - ▶ *Verinata Health Inc. v. Ariosa Diagnostics Inc.*, 2017 U.S. Dist. LEXIS 7728 (N.D. Cal. Jan. 19, 2017);
 - ▶ *Princeton Digital Image Corp. v. Konami Digital Entm't*, No. 12-1461-LPS-CJB, (D. Del. March 30, 2017);

Estoppel in District Courts

▶ District courts have split regarding application of estoppel to non-petitioned grounds

- ▶ “So until Shaw is limited or reconsidered, this court will not apply §315(e)(2) estoppel to [petitioned but] non-instituted grounds, but it will apply § 315(e)(2) estoppel to grounds not asserted in the IPR petition, so long as they are based on prior art that could have been found by a skilled searcher’s diligent search.”

Douglas Dynamics LLC v. Meyer Prods. LLC, 2017 U.S. Dist. LEXIS 58773
(W.D. Wis. Apr. 18, 2017)

- ▶ “Although extending [*Shaw*] to prior art references that were never presented to the PTAB at all (despite their public nature) confounds the very purpose of this parallel administrative proceeding, the court cannot divine a reasoned way around the Federal Circuit’s interpretation in *Shaw*.”

Intellectual Ventures I LLC v. Toshiba Corp., 221 F.Supp.3d 534
(D. Del. Dec. 19, 2016)

Estoppel in District Courts

▶ ***SAS Institute Inc. v. Iancu* (S.Ct. Apr. 24, 2018)**

“When the Patent Office institutes an inter partes review, it must decide the patentability of all of the claims the petitioner has challenged.”

▶ **...and PTAB Guidance (Apr. 26, 2018)**

“As required by the decision, the PTAB will institute as to all claims or none. At this time, if the PTAB institutes a trial, the PTAB will institute on all challenges raised in the petition.”



Estoppel in District Courts

- ▶ **Courts moved away from *Shaw* and towards broad estoppel application**

- ▶ "after SAS [a narrow view of AIA estoppel] cannot be correct"

SiOnyx LLC v. Hamamatsu Photonics K.K.,
330 F. Supp. 3d 574 (D. Mass. 2018)

- ▶ "statutory IPR estoppel applies to invalidity grounds that a petitioner 'reasonably could have raised' in its IPR petition, which includes prior art that a 'skilled searcher conducting a diligent search reasonably could have been expected to discover.'"

California Institute of Tech. v. Broadcom Ltd.,
No. 2:16-cv-03714, Dkt 830 (C.D. Cal. Dec. 28, 2018)

- ▶ "When a party chooses to seek IPR, but only on certain grounds, that choice comes with consequences, notably the risk of estoppel under §315(e)(2). Accordingly, the court declines to [allow defendant to] serve new invalidity contentions on grounds that it could have, but chose not to, raise in its IPR petition."

Am. Tech. Ceramics Corp. v. Presidio Components, Inc.,
2019 U.S. Dist. LEXIS 14873 (E.D.N.Y. Jan. 30, 2019)

Estoppel in District Courts

▶ **... but not too broad:**

- ▶ Invalidity arguments for claims that were petitioned but denied institution (pre-SAS) are not estopped—IF the IPR was final

“Section 315(e)(2) requires that a patent claim ... has to actually have been a part of the IPR proceeding for estoppel to apply, as such claims are the only ones as to which it can be said that the petitioner ‘raised or reasonably could have raised’ arguments regarding invalidity ‘during that inter partes review.’”

Princeton Digital Image Corp. v. Ubisoft Ent’t SA, no. 13-335-LPS-CJB, R&R at n.5 (D. Del. Feb. 1, 2019) (emphasis in original)

“the statutory estoppel provision is explicit that estoppel only applies to the *instituted* claims. See 35 U.S.C. § 315(e)(2) (‘The petitioner in an inter partes review of a *claim* in a patent under this chapter that results in a final written decision ... may not assert ... that *the claim* is invalid.’)”

ZitoVault LLC v. IBM Corp., No. 3:16-cv-0962 (N.D. Tex. Apr. 4, 2018)

Estoppel in District Courts

▶ **Broad estoppel improves defendants’ chances to win a stay**

▶ Court granted a stay pending IPR

	Patentee	Defendant
(1) undue prejudice;	X	
(2) stage of the proceedings;	X	
(3) whether the stay will simplify the issues		X

▶ As long as defendant agreed to broad estoppel:

“Samsung has acknowledged that the scope of the estoppel against it, in the event the PTAB upholds the patentability of any of the claims in the IPR, will bar Samsung from arguing invalidity based on any patent or printed publication that was raised before the PTAB or **reasonably could have been raised**, and the Court will hold Samsung to that concession.”

CyWee Group Ltd. v. Samsung Electronics Co. Ltd.,
 No.17-cv-00140 (E.D. Tex. Feb. 14, 2019)

Estoppel in District Courts

- ▶ **Estoppel can be raised at any point during litigation**
 - ▶ Most often, in pre-trial summary judgment motions
 - ▶ *California Institute of Tech. v. Broadcom*
 - ▶ *Oil-Dri Corp. v. Nestle Purina Petcare Co.*
 - ▶ *Princeton Digital Image Corp. v. Ubisoft*
 - ▶ *SiOnyx v. Hamamatsu Photonics*
 - ▶ *ZitoVault LLC v. IBM Corp.*
 - ▶ But, can also be raised in opposition to discovery
 - ▶ *Am. Tech. Ceramics v. Presidio Components*
 - ▶ And after trial (and appeal) on the merits

“[T]he plain language of the statute, along with the previously discussed policy objectives of judicial economy, indicates that IPR estoppel will still apply post-trial where the Court has not entered a final judgment on the relevant ground.”

Novartis Pharm. Corp. v. Par Pharm. Inc., No. 14-1289 (D. Del. Apr. 11, 2019)

Estoppel in District Courts

- ▶ **Meaning of “reasonably could have raised”**
- ▶ Joinder petitions

“Defendants thus could have reasonably sought to raise the prior art patents and publications discussed in their invalidity contentions. Allowing Defendants to raise arguments here that they elected not to raise during the Amazon IPR would give them ‘a second bite at the apple and allow it to reap the benefits of the IPR without the downside of meaningful estoppel.’”

ZitoVault LLC v. IBM Corp., No. 3:16-cv-0962 (N.D.Tex.Apr. 4, 2018)

See also, Parallel Networks Licensing, LLC v. Int’l Bus. Machines Corp., 2017 WL 1045912 (D. Del. Feb. 22, 2017) (notwithstanding joinder, the defendant is estopped from asserting prior art references and combinations that it reasonably could have raised)

Estoppel in District Courts

- ▶ **Meaning of “reasonably could have raised”**

- ▶ The prior art was “unavailable”

“Given their use at trial, it is apparent that a diligent search would have revealed these references and therefore they ‘could have been raised’ at the IPR proceeding.”

Novartis Pharm. Corp. v. Par Pharm. Inc., No. 14-1289 (D. Del. Apr. 11, 2019)
(also, defendant did not contest that the references were “unavailable”)

But see SiOnyx LLC v. Hamamatsu Photonics K.K.

Plaintiff “must present evidence that a skilled searcher’s diligent search would have found the [reference]. One way to show what a skilled search would have found would be (1) to identify the search string and search source that would identify the allegedly unavailable prior art and (2) present evidence, likely expert testimony, why such a criterion would be part of a skilled searcher’s diligent search.”

330 F. Supp. 3d 574 (D. Mass. 2018)
(quoting *Clearlamp, LLC v. LKQ Corp.*, 2016 WL 4734389 (N.D. Ill. Mar. 18, 2016))

Estoppel in District Courts

▶ Meaning of “reasonably could have raised”

▶ Non-statutory prior art—physical products

“Defendants can rely on the prior art systems in their invalidity contentions to argue anticipation or obviousness.”

ZitoVault LLC v. IBM Corp.

“Where there is evidence that a petitioner had reasonable access to printed publications corresponding to or describing a product that it could have proffered during the IPR process, it cannot avoid estoppel simply by pointing to its finished product But, even so, the estoppel proponent must present some evidence that a printed publication sufficiently describing the relevant product existed and was available upon a reasonable search.”

Oil-Dri Corp. v. Nestle Purina Petcare Co.

“Defendants’ expert may rely on the combination of the publicly available datasheet and the private manufacturing specification to form his opinion that the publicly available product (in combination with other references) meets the elements of the claims.”

SiOnyx LLC v. Hamamatsu Photonics K.K.

Estoppel in District Courts

- ▶ **Meaning of “reasonably could have raised”**
- ▶ Non-statutory prior art—“known or used by others” under §102(a) pre-AIA

“In this case, whether brought as a “printed publication” or under the “known or used” prong, the core element that forms the basis of Defendants’ prior art includes the same document(s). ... Notably, Defendants do not assert that some evidence beyond the documents supplies missing disclosure related to a particular claim limitation. ...

The issue may also have been a closer call were Defendants willing to concede that this prior art was not publicly available at the time of the invention. Having refused to withdraw that position, it would be inappropriate to allow Defendants to bypass statutory estoppel as to these references.

... the Court is not persuaded by Defendants’ argument that it is shielded from statutory IPR estoppel by its references to the “known or used” prong of §102(a). Accordingly, the Court finds that statutory IPR estoppel applies to each of the obviousness combinations [except one].”

California Institute of Tech. v. Broadcom Ltd., No. 2:16-cv-03714,
Dkt 830 (C.D. Cal. Dec. 28, 2018)

Estoppel in District Courts

- ▶ **Estoppel may apply to winning arguments**
 - ▶ “Defendants contend that they should not be estopped from raising grounds that were successful, because the appeal of the PTAB’s decision is still pending and the estoppel provisions are meant to prevent only duplicative abusive challenges. But the statute makes no distinction between successful and unsuccessful grounds. **Indeed, there appears to be no practical effect of holding that defendants can assert their successful grounds because the appeal is pending...**”

SiOnyx LLC v. Hamamatsu Photonics K.K.,
330 F. Supp. 3d 574 (D. Mass. Aug. 30, 2018)

Estoppel in District Courts

- ▶ **Estoppel may not apply to winning arguments**
 - ▶ “I do not accept, however, that Congress intended to require a party to stand mute in court because it previously prevailed on the same issue before the PTAB. The result would be a decision reached without consideration of legally relevant facts and issues. **And if these Court proceedings overtook review of the PTAB decision, this Court could find itself in the position of being required to enter an injunction against infringement based on a patent already found invalid.”**

BTG Int’l Ltd. v. Amneal Pharm. LLC,
No. 15-cv-5909-KM-JBC (D.N.J. Oct. 25, 2018)

Estoppel in District Courts

▶ Estoppel may apply to winning arguments

▶ Question on appeal:

“Whether the district court erred in considering Defendants’ obviousness challenges by refusing to apply 35 U.S.C. §315(e)(2), which forbids parties from pursuing obviousness challenges in district court that were raised, or could have been raised, in an inter partes review proceeding in which the PTAB has issued a ‘final written decision.’”

BTG Int’l Ltd. v. Amneal Pharm. LLC, No. 19-1147 (CAFC)

▶ USPTO Director *amicus* position

“By its terms, the § 315(e)(2) bar extends to any petitioner—successful or not—in an inter partes review ‘that results in a final written decision under § 318(a).’ If the petitioner has pursued an inter partes review that resulted in a final written decision, the petitioner may not assert in district court or in the ITC any invalidity ground that was or reasonably could have been raised during the inter partes review, regardless of the *actual* outcome of that decision.”

Estoppel in District Courts

