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Hosted by:
Co-Chairs Charley Macedo and Ken Adamo

PTAB COMMITTEE MEETING:

A SECOND CHANCE? A LOOK AT AMENDING CLAIMS DURING IPRS

June 20th
Zoom Webinar
4:00-5:00pm

**Amster
Rothstein &
Ebenstein**
LLP



Panel



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- Former USPTO Examiner



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Motion to Amend Pilot Program

Current MTA practice

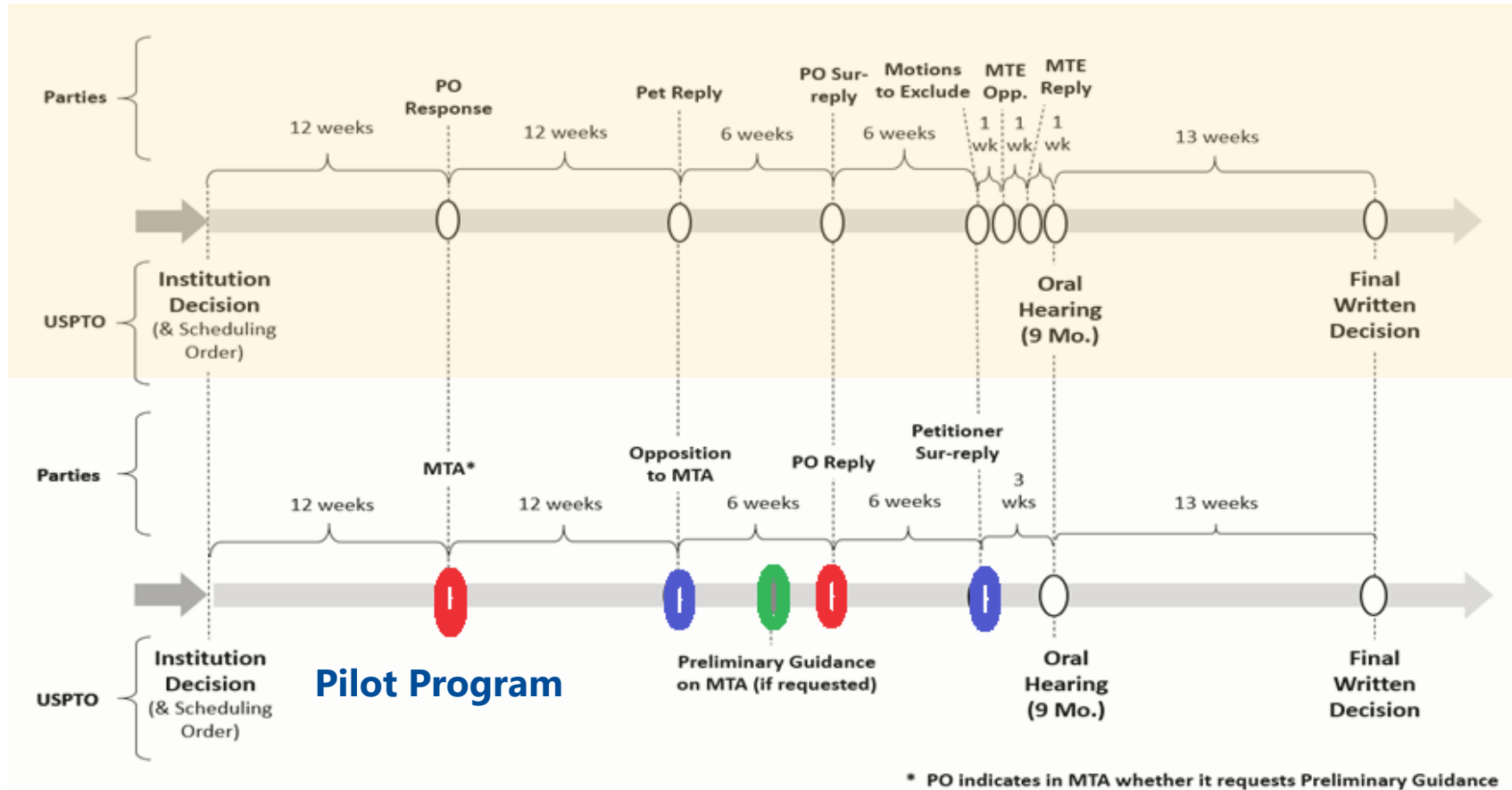
- MTA Pilot Program
 - Implemented March 15, 2019
 - Applies to all AIA trials post-implementation date
 - Extended through September 16, 2024
 - <https://www.federalregister.gov/documents/2019/03/15/2019-04897/notice-regarding-a-new-pilot-program-concerning-motion-to-amend-practice-and-procedures-in-trial>

MTA Pilot Program recap

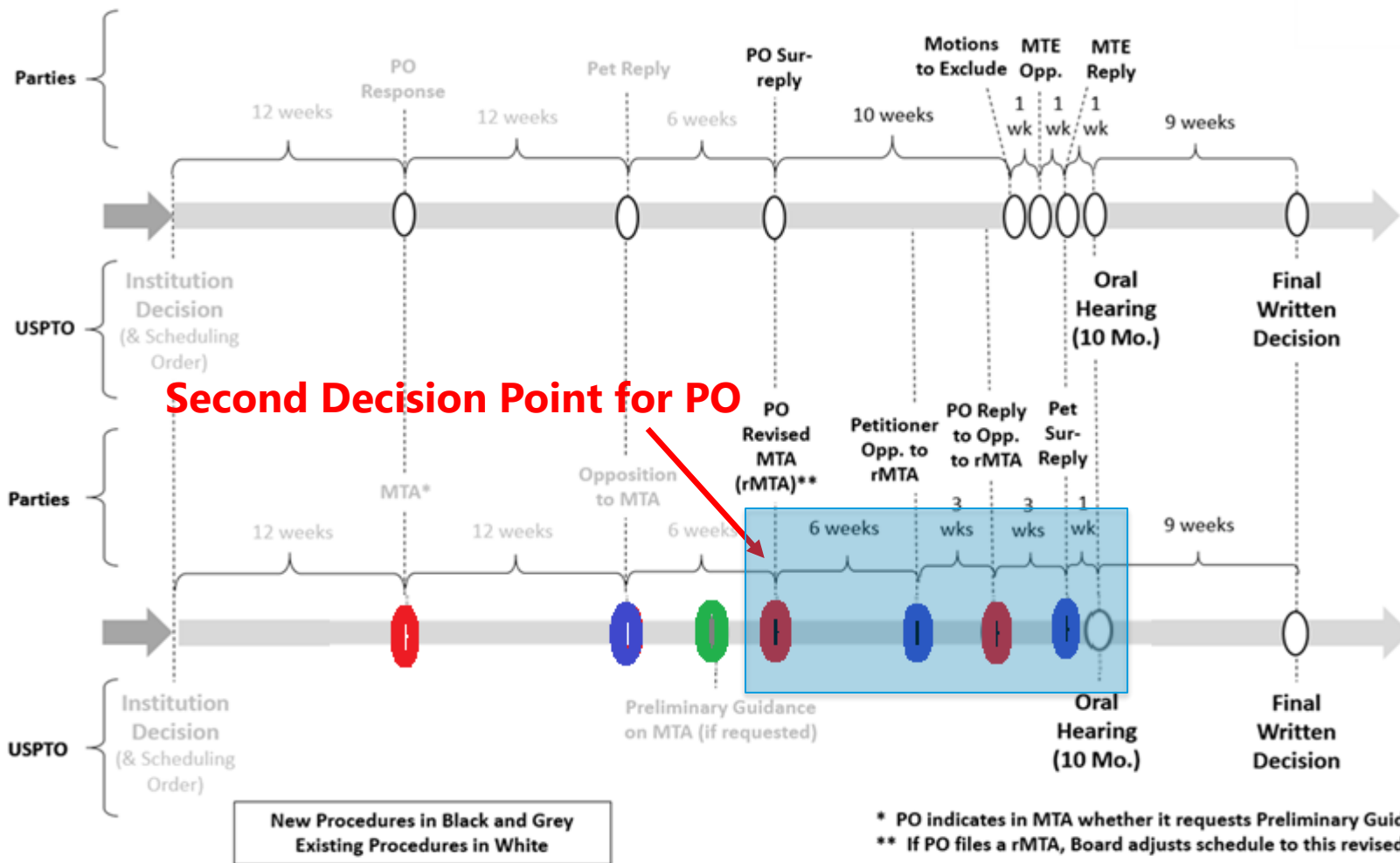
- Provides patent owner (PO) with two options not previously available:
 - Option 1: PO may choose to receive preliminary guidance (PG) from Board on its motion to amend
 - Option 2: PO may choose to file a revised MTA after receiving petitioner's opposition to initial MTA and/or after receiving Board's PG (if requested)
- PO may elect either or both options
- MTAs may be contingent or non-contingent



Schedule entered at institution (Appendix 1A)



Revised schedule for revised MTA (Appendix 1B)



**Request for Comments on the
Motion to Amend Pilot Program
and Motion to Amend Burdens**

RFC on motions to amend practice

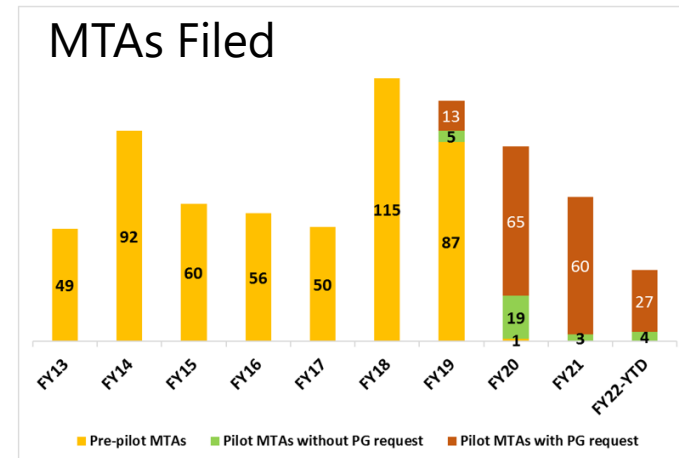
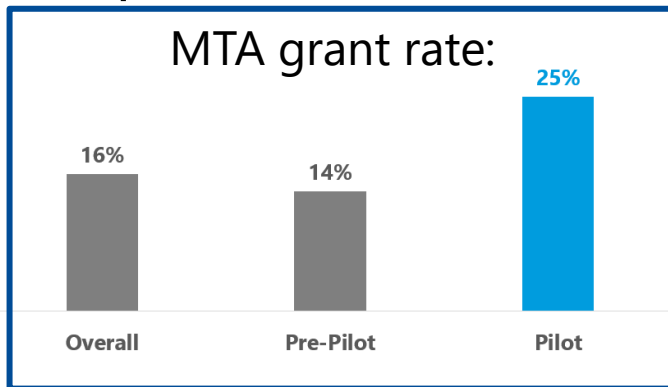
- Published in Federal Register at 88 FR 33063 on May 26, 2023
- Nine questions directed to two main topics:
 - MTA Pilot Program experiences and making permanent
 - Board-raised grounds practices and burdens
- Comment period ends July 24, 2023

* "Request for Comments Regarding the Motion To Amend Pilot Program and Rules of Practice To Allocate the Burdens of Persuasion on Motions To Amend in Trial Proceedings Before the Patent Trial and Appeal Board," 88 FR 33063 (<https://www.govinfo.gov/content/pkg/FR-2023-05-23/pdf/2023-10565.pdf>).



RFC – MTA Pilot Program questions

1. Has the MTA Pilot Program positively or negatively **impacted** a patent owner's ability to successfully amend claims in an AIA proceeding? Has it made it **more likely** that a patent owner will avail itself of the MTA process?



RFC – MTA Pilot Program questions

2. Are there circumstances in which **reexamination and/or reissue** proceedings are better options for patent owners seeking to amend claims challenged in an AIA proceeding, as compared to the MTA Pilot Program?

Is there anything more the Office can do to make the MTA process more useful to patent owners?

RFC – MTA Pilot Program questions

3. Should the Office **modify** any aspect of the MTA Pilot Program? Should the Office continue to provide the options of receiving preliminary guidance and being able to revise an MTA, as currently implemented?
4. Assuming the MTA Pilot Program should remain, should any aspect of preliminary guidance, as currently provided by the Board, be **changed**?
5. What **barriers**, if any, exist that the Office can address to increase the effectiveness of the MTA procedure?

RFC – Board-raised grounds questions

6. Should the Office modify its practice of **when the Board can** or should **raise a new ground** of unpatentability, and if so, how? For example, should the PTAB's decision in the *Hunting Titan* case continue to guide when and how the Board can and should raise a new ground of unpatentability? If so, why and how?
 - 37 CFR § 42.121(d)(3)
 - . . . the Board may,
 - in the interests of justice, exercise its discretion to grant or deny a motion to amend
 - only for reasons supported by readily identifiable and persuasive evidence of record.
7. Should the Office clarify in its rules where the burden of persuasion for Board-raised grounds lies? **Who should bear that burden?**

RFC – Board-raised grounds questions

8. Should the Office involve patent **examiner assistance** in relation to MTAs?

Should the Office conduct a prior art search in relation to proposed substitute claims in certain situations? If so, under what circumstances?

Should examiner assistance or prior art searches be limited in any way?

RFC – General question

9. Should **any other aspects** of the MTA rules ([37 CFR 42.121](#), [42.221](#)), including as they relate to the Board's discretion to grant or deny an MTA, be changed, and if so, how?

Submit a formal comment

<https://www.federalregister.gov/documents/2023/05/23/2023-10565/request-for-comments-regarding-the-motion-to-amend-pilot-program-and-rules-of-practice-to-allocate>



FEDERAL REGISTER

The Daily Journal of the United States Government




 Proposed Rule

Request for Comments Regarding the Motion To Amend Pilot Program and Rules of Practice To Allocate the Burdens of Persuasion on Motions To Amend in Trial Proceedings Before the Patent Trial and Appeal Board

A Proposed Rule by the [Patent and Trademark Office](#) on 05/23/2023



 This document has a comment period that ends in 46 days. (07/24/2023)

SUBMIT A FORMAL COMMENT

CLE Code

Process: Motion to Amend

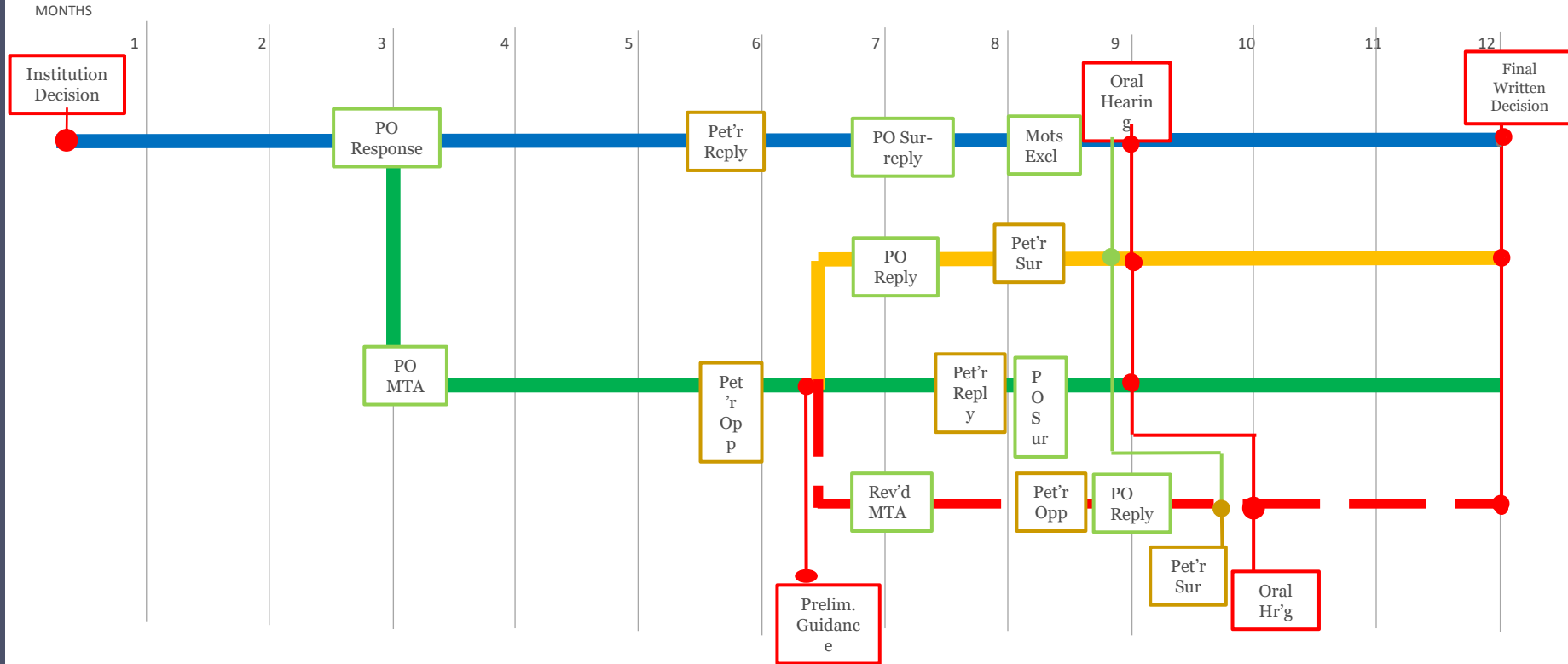
- PO may file amendment of right
 - ... *but* still must confer with Board before filing motion; will get “procedural guidance”
 - Comply with requirements, e.g., 37 C.F.R. §§ 42.6(a), 42.121(b) or 42.221(b).
 - Additional claims or substitutions? • Show support in original patent
 - No enlargement / new matter • Show support for filing dates
 - Brief **and** Decl. (no incorp. by ref.) • Reasonable number of claims
 - Must respond to ground of unpatentability involved in Petition. 37 C.F.R. § 42.121(a)(2)(i).
 - Can include changes not directed to unpatentability issues.
- Pilot Program (3/15/2019) 84 Fed. Reg. 9497
 1. Request *Preliminary Guidance* in first motion to amend
 2. PO may file a revised motion to amend after Petitioner’s opposition *and/or* after PTAB’s preliminary guidance (if requested).
 - If PO does not elect either option, motion to amend practice ~ same.



Process: Opposing Motion to Amend

- Opposition:
 - No authorization or Board call needed
 - Can add evidence
 - Can address issues of Institution decision.
 - Can argue *any* ground ... beyond §§ 102/103, including §101 / § 112.
 - Can have argument and declaration opposing patentability.
- PO gets Reply

Final Pilot Program Timeline (Entire Proceeding)



Board Preliminary Guidance

■ Preliminary Guidance (PG)

- Typically will be in the form of a short paper (although may be oral guidance provided in a conference call, at the Board's discretion).
- Non-binding (thus not judicially reviewable);
- Focuses on new claim amendments (does not address patentability of originally issued claims).
- Addresses whether record establishes a reasonable likelihood that the substitute claims are unpatentable.
- Patent owner may take one of the following actions after PG:
 1. Reply to Petitioner's Opposition to the MTA and/or the PG (if requested);
 2. File a revised MTA; or
 3. Take no action

IPR – Claim Amendment Evidentiary Standard

- Aqua Prods., Inc. v. Matal 872 F.3d 1290 (Fed. Cir. 2017)

“The only legal conclusions that support and define the judgment of the court are: (1) the PTO has not adopted a rule placing the burden of persuasion with respect to the patentability of amended claims on the patent owner that is entitled to deference; and (2) in the absence of anything that might be entitled deference, the PTO may not place that burden on the patentee.”

- Burden of persuasion: petitioner must show proposed claims unpatentable by a preponderance of the evidence.
- Board may find unpatentable based on evidence of record, applying preponderance of evidence standard.
- Tie goes to the PO: PTAB Practice Guide

“if the entirety of the evidence of record before the Board is in equipoise as to the unpatentability of one or more substitute claims, the Board will grant the motion to amend...”



District Courts & IPR Amendments

- Disclaimers ≠ Amendment:
 - PO's clear and unmistakable disavowal of claim scope during IPR *narrows* scope of claims **in subsequent proceedings**
 - ... but not in the IPR proceeding during which the statement is made.
- Statements made during IPR can be deemed admissions on claim scope.
- Cancelling independent claims does *not* estop D.O.E. on surviving claims. τ
 - Cancellation without accompanying argument not give rise to amendment-based prosecution history estoppel.
- Uncertain if can add amended claims to a lawsuit *even if* original claims are unpatentable → can try to enforce in new case.

Strategy Questions

- Cannot amend claim scope during District Court proceeding
... But *can* amend during IPR
- District Court can stay proceedings if IPR filed within a year
- Consider burdens for proving invalidity:
 - D. Ct. **clear and convincing evidence**
IPR: **preponderance of the evidence**
- Added IPR costs
- Petitioner estopped in D. Ct.
(grounds that could have raised) if F.W.D.

**Invalid
@ D.
Ct.**

**Invalid
@ IPR**

Diligent Searcher Test

skilled searcher conducting diligent search reasonably would have been expected to discover

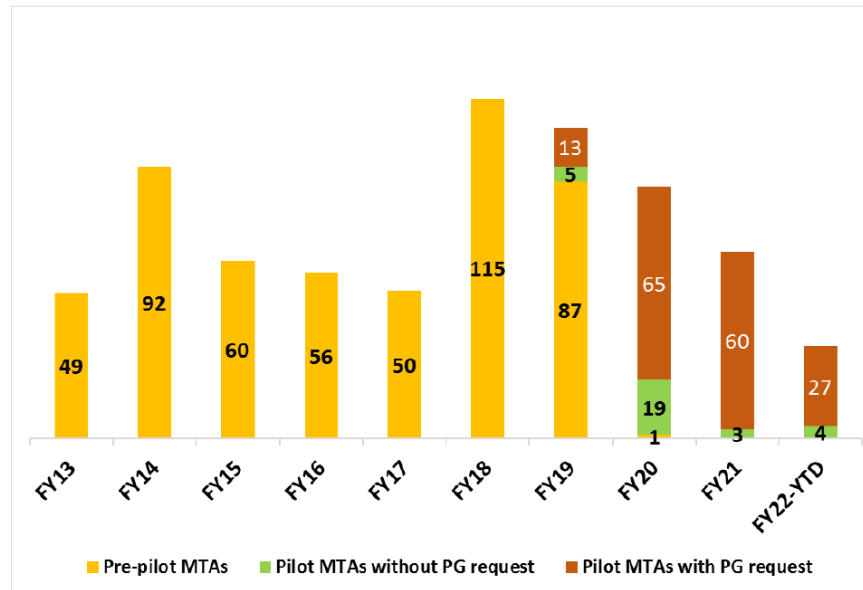
SEE IRONBURG INVENTIONS LTD. V. VALVE CORP.
Fed. Cir. Apr. 3, 2023 (setting out burdens)

Strategy Questions – Should I Amend?

- MTAs open up additional bases for unpatentability
 - Estoppel can be broader than typical if PO obtains amended claims over Sect. 101, 112 challenges.
- Narrowing amendments may affect damage calculation
- Balancing with infringement positioning
- Other options:
 - Open continuations? Reexam or Reissue? Remaining patent term? 112 Support in Priority Document?

Motion To Amend Filing Rates

Graph XIV: MTAs filed by fiscal year
(Pre-pilot and pilot: Oct. 1, 2012 to Mar. 31, 2022)

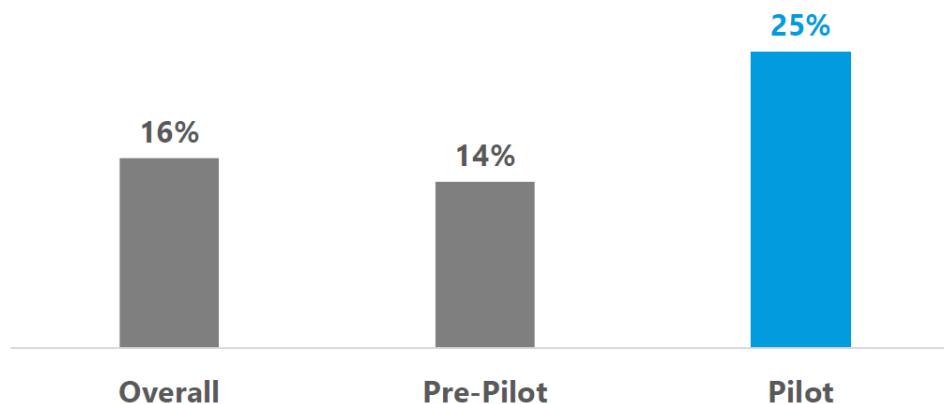


* The one pre-pilot MTA filed in FY20 is a corrected MTA of an MTA originally filed in FY19.



Motion To Amend Grant Rates

Graph VII: MTA grant rates
(Pre-pilot: Oct. 1, 2012 to Mar. 14, 2019; and
Pilot: Mar. 15, 2019 to Mar. 31, 2022)



Grant rate calculated as the percentage of MTA dispositions granted or granted-in-part.



Some Numbers

- Pilot Study MTA grant rates are at 25%, compared to 14% pre-Pilot.
- MTAs have not increased as a percentage of filings since the Pilot Program began, but perhaps there is an uptick in the last year.
- 84% of Patent Owners seek Preliminary Guidance in connection with filing a Motion to Amend.
- Almost 50% of Motions to Amend result in Revised Motions to Amend.
- Over 50% of Motions to Amend result in Revised Motions to Amend in response to Preliminary Guidance.



Questions?



UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTEL CORPORATION AND
PATENT QUALITY ASSURANCE, LLC,
Petitioners,*

v.

VLSI TECHNOLOGY LLC,
Patent Owner.

IPR2021-01229
Patent 7,523,373 B2

Before THOMAS L. GIANNETTI, BRIAN J. MCNAMARA, and
JASON W. MELVIN, *Administrative Patent Judges*.

MELVIN, *Administrative Patent Judge*.

DECISION
Denying Patent Owner's Motion to Terminate

* Intel Corporation, which filed a petition in IPR2022-00479, has been joined as a party to this proceeding. Paper 30.

I. INTRODUCTION

This proceeding is an *inter partes* review (“IPR”) of claims 1–16 (“the challenged claims”) of U.S. Patent No. 7,523,373 B2 (Ex. 1001, “the ’373 patent”). *See* Paper 10 (instituting review). Although the Petition (Paper 1) was filed on July 7, 2021, by Patent Quality Assurance, LLC, we granted institution of a substantively identical petition filed by Intel Corporation, and granted Intel’s motion for joinder to add Intel as a petitioner in this proceeding. Paper 30 (granting institution in IPR2022-00479 and joining Intel here).

Prior to the July 7, 2021, Petition, litigation between VLSI Technology LLC (“Patent Owner”) and Intel resulted in a March 2, 2021, jury verdict that Intel infringed claims 1, 5, 6, 9, and 11 of the ’373 patent. *VLSI Technology LLC v. Intel Corp.*, 6:21-cv-57 (W.D. Tex.), Ex. 1031, 2. Invalidation of the ’373 patent was not presented to the jury. *See generally id.* On May 10, 2022, the district court entered final judgment including that Intel had not proven invalidity. Ex. 1515. Based on the district court’s final judgment, Patent Owner asserts that claim preclusion bars Intel from challenging the claims of the ’373 patent in this IPR. Patent Owner therefore seeks termination of the IPR as to Intel. *See* Patent Owner’s Motion to Terminate Based on Res Judicata, Paper 91, 1–2 (“PO Mtn. Terminate”; public version).

Patent Owner argues that the elements of claim preclusion are met because 1) “Intel and VLSI are parties to both cases;” 2) “the district court entered a final judgment of infringement, no invalidity,” and Intel did not appeal invalidity; and 3) “the effect of Intel’s challenge is to collaterally attack the First Case’s Final Judgment.” *Id.* at 11–14. Patent Owner contends that claim preclusion applies also to claims 1 and 21, which were not at issue before the district court. *Id.* at 14–15.

Intel responds that claim preclusion does not apply to IPRs under the America Invents Act (AIA). *See* Petitioner Intel Corp.’s Opposition, Paper 97, 4–6 (“Intel Opp. Mtn. Terminate”). Intel argues also that IPRs and district-court proceedings do not involve “the same claim or cause of action” because they do not both involve the same accused product and because they present different standards of proof. *Id.* at 6–7. We agree with Intel that estoppel does not apply and therefore we deny the motion. Our reasoning follows.

II. ANALYSIS

A. LEGAL STANDARD

Claim preclusion prevents relitigating issues that were or could have been raised during a first action resulting in a final judgment, when a second action involves the same claim as the first. *Lucky Brand Dungarees v. Marcel Fashions Grp.*, 140 S. Ct. 1589, 1594 (2020). A claim, or cause of action, is considered to be “the same” when it “aris[es] from the same transaction” or “involve[s] a common nucleus of operative facts.” *Id.* at 1595 (internal citations omitted). Preclusion operates to prevent a defendant in a first action from raising an issue in a second action “only if (1) the claim or defense asserted in the second action was a compulsory counterclaim that the defendant failed to assert in the first action, or (2) the claim or defense represents what is essentially a collateral attack on the first judgment.” *Nasalok Coating Corp. v. Nylok Corp.*, 522 F.3d 1320, 1323–24 (Fed. Cir. 2008). Patent Owner does not contend that the invalidity grounds here were a compulsory counterclaim in the district court; instead, it asserts that this IPR is a collateral attack on the infringement verdict. PO Mtn. Terminate 3–9.

As an initial matter, the parties dispute what standard we should apply in determining whether claim preclusion applies here. Intel contends that we should determine whether, in passing the AIA, Congress demonstrated its intent that claim

preclusion not apply to IPRs. Intel Opp. Mtn. Terminate 4 (citing *Astoria Federal Sav. & Loan Ass’n v. Solimino*, 501 U.S. 104, 108 (1991)). Intel argues that “[t]he AIA specifically identifies the circumstances under which IPRs should be barred by parallel district court cases, and common-law claim preclusion is not one of those circumstances.” *Id.* Patent Owner, on the other hand, asserts that *Astoria*’s “lenient” rule—that a “clear statement” is unnecessary to abrogate common law preclusion—applies only in the context of whether an *agency* decision precludes a later *court* decision. Paper 98 (“PO Reply Mtn. Terminate”), 2. According to Patent Owner, for this case, where the court decision preceded the agency decision, we must follow “the usual rule” of preclusion by judicial decisions, which requires Congress’ “plainly stated” intention to overcome preclusion. *Id.* at 2–3 (citing *Kremer v. Chem. Constr. Corp.*, 456 U.S. 461, 485 (1982)).

Patent Owner misreads the case law. *Kremer* considered whether one *statute* may supersede the preclusion required by an earlier *statute*. *Kremer*, 456 U.S. at 463 (“The principal question presented by this case is whether Congress intended Title VII [of the Civil Rights Act of 1964] to supersede the principles of comity and repose embodied in [28 U.S.C.] § 1738.”). The *Kremer* Court noted that recognizing an exception to § 1738 would require either express or implied repeal of that statute, and recognized “a cardinal principle of statutory construction that repeals by implication are not favored.” *Id.* at 468 (quoting *Radzanower v. Touche Ross & Co.*, 426 U.S. 148, 154 (1976)). Thus, with no express repeal, the Court followed the rule that implied repeal requires either irreconcilable conflict or “clear and manifest” intent to repeal the earlier statute. *Id.* (quoting *Radzanower*, 426 U.S. at 154).

More pertinent to this case is the holding in *Astoria*. In *Astoria*, the Court considered whether departing from common-law preclusion rules also required a

“clear statement” of Congressional intent. *Astoria*, 501 U.S., at 108–09. It reasoned first that well-established common-law principles like preclusion impose a presumption that they apply. *Id.* at 108. The Court went on to explain that “[t]his interpretative presumption is not, however, one that entails a requirement of clear statement, to the effect that Congress must state precisely any intention to overcome the presumption's application to a given statutory scheme.” *Id.* The Court made it clear that such a heightened requirement applies in only limited circumstances, such as constitutional values or overlapping statutes. *See id.* at 108–09. Thus, the Court maintained the presumption of preclusion only to the extent “Congress has failed expressly or impliedly to evince any intention on the issue.” *Id.* at 109–10.

We recognize that *Astoria* involved potential preclusion of a court action by a prior administrative decision, the opposite of the relationship presented here. *See* PO Reply Mtn. Terminate 2. But *Astoria*'s rejection of the “clear statement” requirement to demonstrate Congressional intent did not focus solely on that aspect—the Court determined that there was no statutory conflict with § 1738. *Id.* at 109. Here, like *Astoria*, there is no statutory conflict at issue. Therefore, we conclude that the *Astoria* standard should apply, and the question becomes whether the passing of the AIA with its statutory estoppel provisions demonstrated Congress' intent that common-law claim preclusion should not apply to IPRs.

B. AIA ESTOPPEL

The AIA's estoppel provisions are codified in 35 U.S.C. § 315(e). That section applies claim preclusion to petitioners after an IPR final written decision and prohibits a petitioner from “request[ing] or maintain[ing] a proceeding before the Office” or asserting in district court or the ITC that a claim is invalid “on any ground that the petitioner raised or reasonably could have raised” during the IPR.

§ 315(e). Section 315(e) applies to future proceedings in both the Office and a district court. *Id.* If common-law preclusion applied after IPR proceedings, there would be no need for the § 315(e) estoppel provisions, because the principle Patent Owner now asserts—claim preclusion—would prohibit a petitioner from raising arguments in a district court after a final written decision that it could have made during the IPR proceeding. Thus, the AIA expressly imposes claim preclusion in one direction—from an IPR to other proceedings—but not in the other direction—from district-court litigation to Office proceedings.

C. CONGRESSIONAL INTENT

Petitioner submits that “applying common-law claim preclusion principles would be contrary to Congress’ intent as evidenced by the statutory scheme established for patents.” Intel Opp. Mtn. Terminate 3. Patent Owner counters that the AIA did not “abrogate[] common-law claim preclusion by Article-III district-court judgments upon IPRs.” *See* PO Reply Mtn. Terminate 1 (emphasis omitted). With the AIA, Congress intended “to create a timely, cost-effective alternative to litigation.” 77 F. Reg. 48680–01 (Aug. 14, 2012); *see also* *Cuozzo*, 579 U.S. at 278 (citing legislative history). Despite that potential, the AIA does not require that district courts stay litigation pending Office review. Thus, the AIA inherently accepts the reality that parallel proceedings in a district court and the Office may address overlapping issues relating to asserted invalidity or unpatentability.

Further, the AIA imposes a lower burden of proof for IPRs, in which unpatentability must be shown by a preponderance of the evidence rather than the clear and convincing evidence required for district-court invalidity. *Compare* § 316(e) (applying the preponderance standard to IPRs), *with* § 282(a) (applying a presumption of validity to issued patents), *and* *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91 (2011) (holding § 282 requires proving invalidity by clear and

convincing evidence). Although some courts have held that different evidentiary burdens do not overcome claim preclusion if applicable (*see* PO Reply Mtn. Terminate 4), the difference between IPRs and district-court invalidity provides context to Congress adopting claim preclusion in only one direction.² To be clear, we do not rely on the different evidentiary burdens as itself a reason not to apply claim preclusion, but rather as evidence regarding Congress' intent.

Congress' adoption of unidirectional preclusion (*see supra*) is significant and distinguishes AIA proceedings like this case from other PTO proceedings also providing for statutory preclusion. The AIA contrasts with the predecessor statute defining *inter partes* reexamination. That statute included former 35 U.S.C. § 317, which included a "two-way" claim preclusion. In addition to an estoppel running against the unsuccessful requester (§ 315(c)), the statute provided that a final decision "against a party in a civil action . . . that the party has not sustained its burden of proving the invalidity of any patent claim in a suit" precluded the party from requesting or maintaining *inter partes* reexamination of such claims on any basis the party "raised or could have raised." *See* Pub. L. 106–113, Appendix I, 113 Stat. 1501A-570 (pre-AIA § 317). When Congress replaced *inter partes* reexamination with *inter partes* review, it did not maintain the prior statute's express claim preclusion against an unsuccessful party in litigation.

According to Patent Owner, the AIA adds only "enhanced estoppels" and in no way reduces estoppels that are imposed by the common law. PO Reply Mtn.

² The Supreme Court has noted the differing evidentiary burdens present an inherent possibility of inconsistent results. *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 282 (2016) ("As we have explained above, *inter partes* review imposes a different burden of proof on the challenger. These different evidentiary burdens mean that the possibility of inconsistent results is inherent to Congress' regulatory design.").

Terminate 3 (quoting 157 Cong. Rec. S5429 (daily ed. Sept. 9, 2011)). Those enhanced estoppels provided by the AIA relate to prohibitions that limit litigation arguments after an IPR. *See* 157 Cong. Rec. S5429 (noting that the “enhanced estoppels” justify extending the IPR filing deadline from six months to one year after a petitioner is sued for infringement). Thus, they directly bear on the types of restrictions imposed by common-law claim preclusion. In other words, the “enhanced estoppels” overlap with common-law preclusion and therefore signal which common-law aspects Congress intended for the AIA.

In Patent Owner’s view, the Federal Circuit has determined that “common law estoppel” applies to *inter partes* reexamination, which included statutory estoppel “more muscular than common law collateral estoppel.” PO Reply Mtn. Terminate 3 (quoting *SynQor, Inc. v. Vicor Corp.*, 988 F.3d 1341, 1347–48 (Fed. Cir. 2021)). The court in *SynQor* noted that the statutes at issue, as noted above, codified common-law claim preclusion. *SynQor*, 988 F.3d at 1348. It held that the statutory issue preclusion, while expressly directed at district-court proceedings, applied also to future reexamination proceedings. *Id.*

We do not find Patent Owner’s arguments persuasive. The issue here is different from that in *SynQor*. First, this proceeding involves claim preclusion, not issue preclusion. *SynQor*, 988 F.3d at 1347. Second, that case considered the scope of a particular preclusion, not whether to recognize preclusion operating in an entirely different direction. *Id.* Patent Owner here seeks a more fundamental departure from the statute’s express provisions. We conclude that the statute’s express estoppel provisions, in light of the difference in evidentiary burdens, show that Congress intended that claim preclusion not restrict IPR petitioners.

Beyond the estoppel provisions discussed, § 315, “Relation to other proceedings or actions,” imposes other limitations on IPR proceedings. It bars

institution based on a petitioner having “filed a civil action challenging the validity of a claim of the patent” before filing its petition for IPR (§ 315(a)(1)³) or one filing “more than 1 year after” being served with a complaint alleging infringement of the patent” (§ 315(b)⁴). Section 315’s institution restrictions indicate that Congress spoke to how district-court proceedings may limit the Office. And by not including claim preclusion from decisions in those proceedings, Congress further signaled its intent that such claim preclusion not apply to IPRs.

D. SUMMARY

Because the AIA’s predecessor statute expressly included claim preclusion arising from district-court final decisions, while the AIA provisions governing IPRs include claim preclusion operating only in the other direction, passage of the estoppel provision of the AIA expresses Congress’ intent that claim preclusion not apply in the circumstances here. As a result, Patent Owner’s motion for termination is not persuasive and is denied.⁵

III. CONCLUSION

As discussed above, we conclude Patent Owner has not shown that common-law claim preclusion applies to this proceeding such that we should terminate as to petitioner Intel. We therefore deny Patent Owner’s Motion to Terminate as to Intel.

³ A “civil action challenging the validity” does not include an invalidity counterclaim. § 315(a)(3).

⁴ The one-year later bar does not apply in cases of joinder. § 315(b).

⁵ We do not reach Petitioner’s arguments that the motion was untimely, that patent claims not at issue in the district court would not be subject to claim preclusion, or that this IPR does not concern the same “claim” that could have been raised in the district court. Intel Opp. Mtn. Terminate 2–3, 6–9, 13–14.

IPR2021-01229
Patent 7,523,373 B2

IV. ORDER

It is:

ORDERED that Patent Owner's Motion to Terminate as to Intel is denied.

IPR2021-01229
Patent 7,523,373 B2

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IPR2021-01229
Patent 7,523,373 B2

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

‘O’

Case No. 2:18-cv-07090-CAS (GJSx) Date June 14, 2023
Title DMF, INC. v. AMP PLUS, INC. ET AL.

Present: The Honorable CHRISTINA A. SNYDER

Catherine Jeang
Deputy Clerk

Not Present
Court Reporter / Recorder

N/A
Tape No.

Attorneys Present for Plaintiffs:
Not Present

Attorneys Present for Defendants:
Not Present

Proceedings: (IN CHAMBERS) - PLAINTIFF’S MOTION THAT ISSUE
PRECLUSION BARS ELCO’S § 102/103 PRIOR ART INVALIDITY
CHALLENGES (Dkt. [591], filed April 17, 2023)

I. INTRODUCTION

Presently before the Court is plaintiff DMF, Inc.’s (“DMF”) motion for a ruling that common law issue preclusion, arising from the *inter partes* review (“IPR”) judgment by the Patent, Trial and Appeals Board (“PTAB”), bars Defendants’ § 102 (anticipation) and §103 (obviousness) prior art invalidity challenges based on the Imtra Hatteras physical product. Dkt. 591-1 (“Motion”). Defendants AMP Plus, Inc. and Elco Lighting, Inc. (collectively, “ELCO”) have filed an opposition. Dkt. 597 (“Opposition”). DMF has filed a reply. Dkt. 598 (“Reply”).

Having carefully considered the parties’ arguments, the Court **DENIES** the Motion as stated herein.

II. BACKGROUND

a. District Court Procedural History

The Court previously provided a detailed background of the procedural history of this case in deciding ELCO’s renewed motion to stay. See Dkt. 341 (“Renewed Stay Order” (public, redacted version)) at 1–8. It incorporates that discussion herein by this reference. Id. The Court also previously provided a detailed background of DMF’s and ELCO’s competing products in deciding DMF’s motion for a preliminary injunction. Dkt. 147 (public), 148 (sealed) (“Preliminary Injunction Order”) at 2–6. That discussion is also incorporated herein by this reference. Id.

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In brief, DMF filed this case against ELCO in August 2018, alleging infringement of U.S. Patent No. 9,964,266 (“the ’266 Patent”). Dkt. 1 (“Compl.”). The ’266 Patent is titled “Unified Driver and Light Source Assembly” and relates to certain types of recessed lighting systems and products. See also Renewed Stay Order at 2 (describing prior recessed lighting systems as well as the lighting systems described in the ’266 Patent). DMF designs, manufactures, and distributes recessed lighting products that it alleges are commercial embodiments covered by the claims of the ’266 Patent. Compl. ¶ 28. The Complaint alleges, among other things, that ELCO began infringing certain claims of the ’266 Patent when it started manufacturing “knock-off products” that copy DMF’s patent-protected products. Id. ¶¶ 47–48. DMF currently asserts infringement of Claim 1, 2, 4–11, 13–17, 19, 21–22, 25, 26, 28–30 of the ’266 Patent. Mot. at 2 n.3.

In March 2019, the Court issued a preliminary injunction enjoining ELCO from making, using, selling, or offering to sell “both the original version and the modified versions of ELCO’s ELL LED Modules.” Preliminary Injunction Order at 13. The Court concluded that DMF had shown it was more likely than not that it would prevail on its infringement claim. Id. at 13. It also found that DMF would be irreparably harmed by ELCO’s ongoing sales of those products during the pendency of this suit. See id. at 21. The Court further found it unlikely that ELCO would prevail in showing that the asserted claims of the ’266 Patent are invalid. See id. at 13–17; see also Renewed Stay Order at 3–4 (summarizing invalidity arguments considered and rejected in Preliminary Injunction Order). The parties agree that the Court’s preliminary injunction remains in effect. Renewed Stay Order at 4.

In March 2020, the Court granted-in-part and denied-in-part DMF’s motion for partial summary judgment that (1) Claims 1, 2, 4–8, 13–17, 19, 21, 22, 26, and 28–30 of the ’266 Patent are infringed by ELCO’s Versions 1, 2, and 3 ELL LED Modules and trims sold for those modules; (2) all asserted claims of the ’266 Patent are not invalid based on ELCO’s prior art invalidity defenses; and (3) ELCO’s unclean hands defense fails as a matter of law. Dkt. 499 (“MSJ Order”); see also Dkt. 345 (“MSJ”). The Court previously provided a discussion of the prior art invalidity and unclean hands defenses. See Dkt. 499. It incorporates that discussion herein by this reference. Id.

In May 2020, the parties moved for reconsideration regarding the Court’s MSJ Order. Dkt. 520, 521. In July 2020, the Court granted-in-part and denied-in-part the parties’ motions for reconsideration. Dkt. 534 (“Reconsideration Order”). The Court determined that reconsideration was not warranted as to the Court’s ruling on ELCO’s prior

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art invalidity defenses, but modified its ruling regarding prior art invalidity ground 1 as it relates to Claims 17 and 22. *Id.* at 11–12. The Court reconsidered this issue because, despite ELCO’s repeated reference to Claim 26 in its motion for reconsideration, ELCO stated in its reply brief that its reference to Claim 26 “was a typographical error.” Dkt. 531 at 7.

In January 2021, DMF moved to enforce statutory IPR estoppel against certain invalidity grounds raised by ELCO in the IPR proceedings. Dkt. 544 (“IPR Estoppel Order”). In May 2021, the Court granted the motion with respect to prior art invalidity grounds 2, 4, 5, and 7–9, and denied the motion with respect to prior art invalidity grounds 1, 3, 6, and 10. The Court also modified its prior MSJ Order and Reconsideration Order to reflect that ELCO is not permitted to assert prior art invalidity grounds 1 or 2 against Claim 22. *See id.*

As relevant here, in the IPR Estoppel Order, the Court considered whether ELCO is estopped from asserting prior art invalidity based on the physical Imtra Hatteras product (Grounds 1, 3, 6, and 10). *Id.* at 5. DMF argued that statutory IPR estoppel should apply to this physical product because the physical product did not raise any issues different from those already considered in the IPR. To resolve this dispute, the Court considered whether the invalidity challenge based on the physical product was “simply swapping labels for what is otherwise a patent or printed publication ground in order to ‘cloak’ [the] prior art ground and ‘skirt estoppel.’” *Id.* at 6 (quoting *California Inst. of Tech. v. Broadcom, Ltd.*, No. 2:16-cv-03714-GW(AGRx), 2019 WL 8192255, at *7-8 (C.D. Cal. Aug. 9, 2019)). Thus, the Court considered whether the Imtra Hatteras physical product was “substantively, germanely different” from the printed publications considered in the IPR. The Court concluded that the physical product was substantively, germanely different than the Imtra 2011 catalogue reference considered in the IPR because the catalogue was used as a purported anticipating reference by mixing and matching features of different products contained therein, whereas the physical product was a single, self-contained product. *Id.* at 7. Further, the catalogue description of the physical product did not reveal all of its features. *Id.* at 8. Thus, the Court ruled that IPR estoppel did not apply to the physical product and denied the motion on that ground. *Id.* at 9.

b. IPR Procedural History

In May 2019, ELCO filed an IPR petition seeking review of the ’266 Patent before the PTAB. *See* Dkt. 244-2 (“the IPR Petition”). The PTAB granted ELCO’s IPR Petition

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in November 2019. Dkt. 325-2 (“PTAB Preliminary Decision”). The PTAB found that ELCO had shown a reasonable likelihood that it would prevail in a challenge to the patentability of the asserted claims over a prior art reference to the “Imtra 2011” catalogue both alone as well as in combination with other references (“Imtra 2007” and “Gifford”).

In November 2020, the PTAB issued a final written decision regarding ELCO’s IPR Petition. See Dkt. 537. The PTAB held that Claim 17 was unpatentable and Claims 1, 2, 4–11, 13–16, 19, 21, 22, 25, 26, and 28–30 not unpatentable. Id. The PTAB found that DMF had not shown by preponderance of the evidence that the prior art references disclosed or rendered obvious the claimed “plurality of elements” limitation in independent claims 1 and 26, as well as their challenged dependent claims. See id. at 31–51. Further, the PTAB rejected DMF’s argument that ELCO “improperly mixes and matches alleged features of different products in” the Imtra 2011 catalogue reference. See id. at 29–30.

In November 2022, the Federal Circuit affirmed the PTAB’s decision that ELCO had not shown that Claims 1, 2, 4-11, 13-16, 19, 21, 25, 26 and 28–30 were unpatentable. See AMP Plus, Inc. v. DMF, Inc., No. 2021-1595, 2022 WL 16844516, at *7 (Fed. Cir. Nov. 10, 2022), available at Case No. 19-4519, Dkt. 138-1, Slip Op. pp. 9-10.¹ The court also affirmed the PTAB’s decision that Claim 17 was not patentable. Id. at 12, 14-15. But the court vacated and remanded the decision that ELCO had not shown that Claim 22 was unpatentable, because the PTAB did not explain its reasoning sufficiently “to enable judicial review and to avoid judicial displacement of agency authority.” Id. at 7-8. On remand, the PTAB held that ELCO failed to prove that Claim 22 was unpatentable. See AMP Plus, Inc. v. DMF, Inc., No. IPR2019-01094, 2023 WL 6811241 (P.T.A.B. Mar. 27, 2023), available at Dkt. 591-4, Ex. 10 at p. 355.²

¹ Beginning with the status report advising the Court of the Federal Circuit’s decision, a number of docket entries were inadvertently filed in related case 2:19-cv-04519-CAS-GJS, which was resolved via settlement agreement and closed. See 19-4519 Dkt. 72 (Permanent Injunction and Consent Judgment). The Court notes that in Case No. 19-4519, the following docket entries should have been filed in Case No. 18-7090: Dkts. 138, 140, 141, 144, 147, 151, and 155. See 19-4519 Dkt. 156 (minutes noting 19-4519 reopened in error, and matters relating to the PTAB and Federal Circuit decisions should be filed in 18-7090).

² At the hearing, the parties confirmed that ELCO has filed a notice of appeal with respect to this decision.

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IV. LEGAL STANDARDS

A. Issue Preclusion

“Under the doctrine of issue preclusion, also called collateral estoppel, a judgment on the merits in a first suit precludes relitigation in a second suit of issues actually litigated and determined in the first suit.” In re Freeman, 30 F.3d 1459, 1465 (Fed. Cir. 1994). “Issue preclusion is appropriate only if: (1) the issue is identical to one decided in the first action; (2) the issue was actually litigated in the first action; (3) resolution of the issue was essential to a final judgment in the first action; and (4) plaintiff had a full and fair opportunity to litigate the issue in the first action.” Id.; see also B & B Hardware, Inc. v. Hargis Indus., Inc., 575 U.S. 138, 148 (2015) (“the general rule is that ‘[w]hen an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim’”) (quoting Restatement (Second) of Judgments § 27, p. 250 (1980)); accord ITC Textile, Ltd. v. Ross Stores, Inc., No. CV 13-00036-JFW-AJWx, 2013 WL 12130573, at *4 (C.D. Cal. Mar. 26, 2013) (citing Wolfson v. Brammer, 616 F.3d 1045, 1064 (9th Cir. 2010)).

Issue preclusion may apply in different litigation contexts, including “where a single issue is before a court and an administrative agency.” B & B Hardware, 575 U.S. at 148. Indeed, “because the principle of issue preclusion was so ‘well established’ at common law,” the Supreme Court has explained that, “in those situations in which Congress has authorized agencies to resolve disputes, courts may take it as given that Congress has legislated with the expectation that the principle [of issue preclusion] will apply except when a statutory purpose to the contrary is evident.” Id. (quotations omitted). This is because, “[w]hen an administrative agency is acting in a judicial capacity,” the parties are given “an adequate opportunity to litigate,” and the agency “resolves disputed issues of fact properly before it,” similar to a court. Id.; see also id. at 151 (finding no “‘evident’ reason why Congress would not want TTAB decisions to receive preclusive effect, even in those cases in which the ordinary elements of issue preclusion are met”).

B. IPR Estoppel

Under 35 U.S.C. § 315(e)(2), when an IPR against a particular asserted claim results in a final written decision, the IPR petitioner may not assert in a civil action “that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during

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that [IPR].” This is referred to as IPR estoppel. “The party asserting estoppel bears the burden to show that estoppel applies.” Vaporstream, Inc. v. Snap Inc., No. 2:17-cv-00220-MLH (KSx), 2020 WL 136591, at *23 (C.D. Cal. Jan. 13, 2020); *see also* Pavo Solutions LLC v. Kingston Tech. Co., No. 8:14-cv-01352-JLS (KESx), 2020 WL 1049911, at *4 (C.D. Cal. Feb. 18, 2020).

V. DISCUSSION

A. Whether Common Law Issue Preclusion May Apply Where The Statutory IPR Estoppel Framework Applies

The parties dispute whether common law issue preclusion may be applied in this context, *i.e.*, where the 35 U.S.C. § 315(e)(2) framework applies to determine whether invalidity grounds are barred by IPR estoppel. *See, e.g.*, IPR Estoppel Order (applying IPR Estoppel framework in view of the parallel IPR proceeding). DMF argues “it is well established that issue preclusion bars a party from raising §102/§103 challenges in a district court action after they lost §102/§103 challenges in an IPR.” Mot. at 1; *see also id.* at 11 & n.39 (“The Board’s patentability decision in an IPR raises issue preclusion (also called collateral estoppel) in district court litigation.”). ELCO argues that because the “relevant statute [§ 315(e)(2)] speaks directly to the scope of ‘estoppel’ arising from an IPR decision with respect to a subsequent invalidity challenge raised in a civil action,” common law issue preclusion does not apply. Opp. at 6. Further, ELCO contends that “no court has ever applied issue preclusion (beyond IPR estoppel) to bar invalidity challenges. *Id.* at 7.

This question turns on whether, under § 315(e)(2), “a statutory purpose to the contrary [of applying issue preclusion by default] is evident.” B & B Hardware, 575 U.S. at 148. Neither party provides, and the Court has not uncovered, any decision considering this question conclusively in this context.³ As ELCO observes, none of the

³ In its brief and at the hearing, DMF argued that Papst Licensing GMBH & Co. KG v. Samsung Elecs. Am., Inc., 924 F.3d 1243, 1251 (Fed. Cir. 2019), demonstrates that issue preclusion applies here. But in Papst, the Federal Circuit applied issue preclusion in a different context in which § 315(e)(2) did not apply. Namely, in three related IPR proceedings, the Board found certain claims unpatentable for obviousness in view of the same prior art. The patentee appealed all three decisions. *Id.* at 1249. Just before oral argument, Papst voluntarily dismissed its appeal as to two of the Board’s decisions,

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cases on which DMF relies—to argue that applying issue preclusion to bar invalidity defenses is “well established”—apply in the context presented here (*i.e.*, to exclude an invalidity ground where the § 315(e)(2) framework applies, but applying that framework results in the conclusion that IPR estoppel does *not* apply to that invalidity ground).

Although neither party cited it, the Court finds persuasive the preliminary views expressed in llumina, Inc. v. Qiagen, N.V., 207 F. Supp. 3d 1081, 1089 (N.D. Cal. 2016). In llumina, the patent owner moved for a preliminary injunction. In opposition, the accused infringer argued the patent was invalid for obviousness so the injunction should not issue. In reply, relying on B & B Hardware, the patent owner argued that “common law issue preclusion, rather than the preclusion rules set forth in Section 315(e)(2), prevent [the accused infringer] from advancing this [common law issue preclusion] argument.” Id. The court distinguished B & B Hardware, explaining that “[u]nlike the Lanham Act [at issue in B & B Hardware], Section 315(e)(2) set[s] forth the bounds of estoppel based on IPR proceedings.” Id. Although the court concluded it “need not conclusively resolve the issue of estoppel at th[e] [preliminary injunction] stage,” the court explained its view that “llumina is unlikely to prevail in displacing the statutory design of Section 315(e)(2) in favor of the common law.” Id. For the purposes of considering the likelihood-of-success-on-the-merits preliminary injunction factor, the court found the accused infringer’s “obviousness argument unpersuasive.” Id.

This Court agrees with llumina’s preliminary view: DMF faces an uphill battle to show that issue preclusion applies notwithstanding that the parties agree the clear

making them final. As to the third appeal, the Federal Circuit rejected Papst’s arguments as barred by issue preclusion in light of the now-final Board decisions in the now-dismissed appeals that resolved the very same issues. Id. at 1250-53. In that specific context, the Federal Circuit held that, on appeal, “the issue preclusion doctrine can apply” to the “Board’s decision in an IPR once it becomes final.” Id. at 1251 (*i.e.*, once a Board decision is final, the merits of the same ruling can’t be challenged in a related appeal). This case does not involve a scenario where a final Board decision in one IPR raises a preclusive bar as to an appeal challenging the very same issues on which a final, unappealed ruling has already issued. Rather, it involves considering, at least in part, whether a patent challenger should be precluded from raising before this Court prior art that it was prohibited by statute from raising in an IPR. Thus, the Court finds that Papst is not instructive.

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statutory framework of § 315(e)(2) applies in this context. Indeed, DMF already brought an IPR estoppel motion under that statute. As ELCO observes, the purpose of section 315 is to limit raising challenges that were brought or could have been brought in the IPR setting. The statute does so by setting forth the relation of *inter partes* review proceedings and other proceedings or actions, such as when IPR proceedings are barred by a civil action, when later-filed civil actions must be stayed, etc. See 35 U.S.C. § 315. It also contains an explicit section covering “estoppel” in later IPR proceedings, civil actions, and other proceedings. 35 U.S.C. § 315(e)(1)–(2). Because Congress enacted a specific framework with respect the issue preclusive effect of IPR proceedings, the Court finds that § 315(e)(2) embodies an evident statutory purpose to apply the specified framework in lieu of common law issue preclusion. Cf. Click-to-Call Techs. LP v. Ingenio, Inc., 45 F.4th 1363, 1368 (Fed. Cir. 2022) (where § 315(e)(2) framework applies to invalidity grounds raised in district court, district court erred by applying common law issue preclusion only rather than the applicable IPR estoppel framework where “[accused infringer’s] argument regarding [prior art reference] and [patent] claim 27 was grounded in IPR estoppel under 35 U.S.C. § 315(e)(2), not standard issue preclusion”).⁴

DMF’s arguments to the contrary would render § 315(e)(2) superfluous, at least in the context presented in this case. After the Board issued its decision, the Court applied § 315(e)(2) and concluded that IPR estoppel does not bar ELCO from raising the Imtra Hatteras physical product because it was “substantively, germanely different” from the related Imtra 2011 catalogue reference. IPR Estoppel Order at 7. But DMF purports to find a way around this ruling by invoking common law issue preclusion. If it were so easy, there would have been no need for Congress to enact the specific statutory estoppel provisions in § 315(e), and no reason for the Court to apply that framework in this context. The Court declines to adopt an application of common law issue preclusion that would render § 315(e)(2) meaningless, at least on the facts presented here.

⁴ At the hearing, DMF argued that the Court did not sufficiently consider the statutory purpose in reaching this conclusion. The Court disagrees. As DMF acknowledges, “Congress created the statutory IPR estoppel to save patent owners from the expense of relitigating *the same issues*, stating it would ‘frustrate the purpose’ of the IPR statute if repeated validity challenges were allowed.” Reply at 8 (emphasis added). But nothing in this statutory purpose suggests that the statute was intended to prevent patent challengers from raising in district court issues that could not, by statute, have been raised in an IPR.

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The flawed logic of DMF’s argument is further apparent by considering what invalidity grounds may be raised in IPR proceedings, and what grounds may not. In the Motion, DMF argues that *all* invalidity arguments, whether raised under § 101 (patent eligibility), § 102 (anticipation), § 103 (obviousness), or § 112 (e.g., indefiniteness), are treated as a single invalidity “issue” for the purpose of applying common law issue preclusion, to determine whether an IPR proceeding and civil action involve the same “issue.” See Mot. at 12–14.⁵ Applying this single “issue” theory, DMF contends that since “invalidity” was raised and litigated in the IPR proceedings as to specific prior art references, and resolution of invalidity was essential to a final written decision by the PTAB, ELCO can no longer raise *any* invalidity arguments in this action. But nothing about § 315(e)(2) necessarily bars an accused infringer from raising *any* invalidity challenge in a co-pending civil action, especially where that invalidity ground could *not* have been raised in the IPR proceedings.

Indeed, “[a] petitioner in an *inter partes* review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.” 35 U.S.C. § 311(b). It is in this limited, statutory context that a petitioner is subsequently barred from arguing that a patent “claim is invalid on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.” 35 U.S.C. § 315(e)(2).

DMF fails to provide persuasive authority or argument convincing the Court that common law issue preclusion can be used as an end-run around § 315(e)(2) where that statute does not preclude ELCO from raising the challenged reference.

B. Whether Common Law Issue Preclusion May Apply Here

Even if the Court declined to reach whether the statutory framework of IPR estoppel evinces a statutory purpose contrary to applying common law issue preclusion, DMF has not demonstrated that issue preclusion applies here.

⁵ As discussed at the hearing, DMF narrowed this sweeping assertion in its Reply. See Reply at 4, 15 (limiting argument to § 102 / § 103 grounds).

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As an initial matter, the Court declines to make an alternative issue-preclusion ruling regarding invalidity grounds that are no longer in the case. DMF acknowledges that the Court has already disposed of seven of ELCO’s invalidity grounds, either via summary judgment or through the IPR Estoppel Order. Motion at 14 (citing Dkts. 499, 558). But DMF contends that “[i]ssue preclusion provides independent, alternative reasons to dispose of those seven grounds,” “in the unlikely event this Court’s prior ruling[s] [are] reversed.” *Id.* at 15. The Court construes this request as an untimely motion for reconsideration and declines to disturb its prior rulings or provide an advisory opinion on issues that are no longer in the case.

Turning to the invalidity grounds that remain in this case (Grounds 1, 3, 6 and 10), each of which relates to the Imtra Hatteras physical product, the Court applies the common law issue preclusion framework.

1. Factor 1: Same Issue

As stated, DMF argues that the relevant “issue” to consider is “invalidity,” as opposed to *e.g.*, anticipation, obviousness, etc. Mot. at 12–14. Specifically, DMF argues that “ELCO litigated §102/§103 validity of the same Challenged Claims⁶ in the IPR that ELCO now seeks to challenge in this Court under §102/§103 again.” *Id.* at 14. ELCO responds that the PTAB did not decide “validity” beyond the limited scope of § 311(b), which includes § 102/§ 103 arguments concerning patents or printed publications only. Opp. at 10–11.

The Court finds that DMF has not carried its burden to show that the same issue was decided given the narrow scope of invalidity arguments that may be considered in IPR proceedings, including that physical products may not be raised as prior art. The Court declines to make a sweeping ruling that IPR proceedings decide “invalidity” once and for all, thus barring any further invalidity challenges on any statutory basis in district court. This is especially true where ELCO’s invalidity grounds 1, 3, 6, and 10 are based

⁶ ELCO raises these invalidity grounds against various claims, including Claims 1, 2, 4–9, 11, 13, 15–16, 19, 21, and 26 (Ground 1); Claims 1, 2, 4–9, 11, 13–16, 19, 21–22, 25–26 and 30 (Ground 3); Claims 1, 2, 4–11, 13–16, 19, 21–22, 25–26 and 28–30 (Ground 6); and Claims 1, 2, 4–11, 13, 15–16, 19, 21–22, 25–26 and 28–30 (Ground 10). See Mot. at 16.

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on the Imtra Hatteras physical product, which, by statute, could not have been raised in the IPR proceedings. See 35 U.S.C. §311(b); see also IPR Estoppel Order at 5–9 (finding no IPR estoppel as to the Imtra Hatteras physical product where it is “substantively, germanely different” than the related Imtra 2011 catalogue reference). The absence of this factor precludes a finding of issue preclusion.⁷

2. Factor 2: Litigated and Decided

DMF argues that “[t]here is no dispute that §102/§103 invalidity was actually litigated by the parties and decided in the IPR—the very purpose of the IPR.” Mot. at 17. ELCO reiterates that “the issue of validity is not litigated in an IPR. Rather, an IPR adjudicates patentability under only § 102 and § 103 and ‘only on the basis of prior art consisting of patents or printed publications.’” Opp. at 12 (quoting 35 U.S.C. § 311(b)).

The Court’s finding with respect to Factor 1, “same issue,” applies with equal force to this factor. Given the limited nature of IPR proceedings, the issue of whether the Imtra Hatteras physical product is invalidating prior art necessarily could not have been actually litigated and decided. That the IPR proceedings considered invalidity as to other prior art references does not mean the same issue raised before this Court was actually litigated and decided before the PTAB. See, e.g., Zitovault, LLC v. Int’l Bus. Machines Corp., No. 3:16-CV-0962-M, 2018 WL 2971178, at *2 (N.D. Tex. Apr. 4, 2018) (“Issue preclusion is not applicable here [because] [e]ven if patent validity is a single issue for preclusion purposes, the legal standard used to assess validity is not the same between IPR proceedings and district court litigation,” additionally, IPRs are “strictly limited to grounds ‘that could be raised under section 102 [anticipation] or 103 [obviousness] and only on the basis of prior art consisting of patents or printed publications,’” and “no such restrictions [exist] in district courts”) (quoting 35 U.S.C. § 311(b)). The absence of this factor precludes a finding of issue preclusion.

⁷ Having found this element missing, the Court need not consider whether the other elements of issue preclusion have been met. For the sake of completeness, however, the Court analyzes all four elements.

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3. Factor 3: Full and Fair Opportunity to Litigate

The party opposing collateral estoppel “must be permitted to demonstrate, if he can, that he did not have a fair opportunity procedurally, substantively and evidentially to pursue his claim the first time.” Blonder-Tongue Labs., Inc. v. Univ. of Illinois Fdn., 402 U.S. 313, 333 (1971).

DMF argues that ELCO cannot meet its burden on this factor because the PTAB and Federal Circuit “specialize in deciding patent validity,” ELCO faced a lower burden of proof before the PTAB, and discovery was adequate. Mot. at 17–18. DMF also argues that the Imtra Hatteras physical product cannot be deemed new “crucial evidence” because it “would not have changed the outcome of the prior decision or otherwise was not ‘crucial.’” Id. at 18. DMF contends that, “[a]t most, the physical Hatteras product itself is cumulative of the evidence and undisputed facts about the Imtra 2011’s [catalogue] description of the [physical] Hatteras product.” Id. at 19.

ELCO responds that “estoppel (including issue preclusion) does not and cannot apply to invalidity grounds based on the physical Hatteras product.” Opp. at 13. ELCO argues that other courts to have considered this issue find the factor not met where a petitioner in an IPR proceeding may not raise physical products as an invalidity ground. Id.

As stated, petitioners in IPR proceedings may not raise physical products to argue invalidity by anticipation or obviousness. The parties do not dispute that ELCO was prohibited from raising the Imtra Hatteras physical product. As the Court held in the IPR Estoppel Order, the Imtra Hatteras physical product is “substantively, germanely different” than the related Imtra 2011 catalogue reference considered in the IPR. The Court finds the procedural distinction (precluding physical products) combined with this evidential shortcoming (inability to present a substantively, germanely different product) sufficient to conclude that exclusion of the Imtra Hatteras physical product evidence from the IPR proceeding carries ELCO’s burden on this factor.

Blonder-Tongue does not hold that a challenger must show that the outcome would have been different with the excluded evidence. The point is that the statutory limitations placed on IPR proceedings make it distinctly different from district court proceedings such that, to avoid issue preclusion, an accused infringer should be able to show that it

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

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could not have raised the same grounds in the IPR, and the evidence it was precluded from presenting is sufficiently different to avoid the otherwise-applicable IPR estoppel bar.⁸ See, e.g., Willis Elec. Co. v. Polygroup Macau Ltd. (BVI), No. 15-CV-3443 (WMW/DTS), 2023 WL 112733, at *19 (D. Minn. Jan. 5, 2023) (“[IPR petitioner] did not have a full and fair opportunity to litigate the issue of invalidity based on the GKI Tree [physical product] in the IPR proceedings because an IPR petitioner cannot rely on a physical product as a prior art reference in such proceedings,” therefore “the Court rejects [the party seeking IPR estoppel’s] alternative argument based on claim preclusion and issue preclusion”). The absence of this factor precludes a finding of issue preclusion.

4. Factor 4: Necessary to Resolving the Merits

Similar to the conclusory argument it makes in support of Factor 2, in support of Factor 4, DMF argues that “[t]here is no dispute that the Boards’ resolution of ELCO’s §102/§103 invalidity challenge was necessary to deciding the merits of the IPR: §102/§103 invalidity was the entire focus of the IPR.” Mot. at 22; Reply at 15 (same). ELCO responds that “the Board did not and could not decide ‘ELCO’s §102/§103 invalidity challenges’—rather, the decision was limited to arguments that are based on ‘prior art consisting of patents or printed publications,’” thus broader validity considerations were not necessary to the decision. Opp. at 15 (quoting 35 U.S.C. § 311(b)).

For the same reasons explained with respect to the first three factors, the Imtra Hatteras physical product was not part of the IPR, nor could it have been, and thus whether it renders certain claims of the ’266 Patent anticipated or obvious was not necessary to resolving the IPR proceedings. The absence of this factor precludes a finding of issue preclusion.

⁸ Even assuming common law issue preclusion can coexist alongside statutory IPR estoppel, DMF does not address the substantive overlap between whether the challenger/petitioner had a full and fair opportunity to litigate the invalidity ground in the IPR, and whether the challenger/petitioner raised or reasonably could have raised the invalidity ground in the IPR. DMF has not explained why it makes sense that an invalidity ground may escape IPR estoppel yet still be subject to issue preclusion.

