

# IPR Estoppel Questions Answered and Remaining

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## Summary

When Congress created *inter partes* review (“IPR”) proceedings in the Leahy-Smith America Invents Act, it included an estoppel provision to avoid duplicative validity challenges against the same patent claims.<sup>1</sup> As set forth in 35 U.S.C. § 315(e)(2), a “petitioner in an *inter partes* review ... that results in a final written decision

under section 318(a) ... may not assert either in a civil action ... or in a proceeding before the International Trade Commission ... that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that [IPR].” While seemingly straight-forward, this provision has left litigants and courts grappling with how far the estoppel reaches and, in particular, what the phrase

“raised or reasonably could have been raised” means. In 2019, courts began to shed some light on the scope of this estoppel. But many questions still remain.

## Estoppel extends to printed prior art that petitioners knew about

At least one thing is clear: IPR estoppel applies to grounds based on printed prior art that the petitioner was aware of at the time of filing the IPR.<sup>2</sup> And proof of what a petitioner was aware of is more abundant than one might first assume. Invalidity contentions, administrative and court filings, admissions, and many more sources can offer support for the assertion that a petitioner was aware of certain art when it filed its petition.<sup>3</sup> This prohibition against relying on art that was known at the time of filing but not asserted in the IPR process leaves petitioners with a strong incentive to file multiple petitions canvassing at least their best known prior art.

What is less clear, however, is whether this estoppel would extend to grounds raised in a petition that was denied institution. Petitioners would argue that the estoppel should not apply to grounds asserted in a denied petition because such grounds *could not* have been raised during the IPR process as a result of denial.<sup>4</sup> In the past year, however, the PTAB has adopted a practice of requiring petitioners to justify multiple petitions and rank them. Does a petitioner’s identification of its highest ranked petition constitute a discretionary choice that undermines the “could not have raised” defense to estoppel? In the year to come, we expect to see this dynamic play out.

## Estoppel could extend to art that was “reasonably discoverable”

In 2019, courts also confronted the issue of whether estoppel applies to art that was not known at the time of filing but was “reasonably discoverable.”<sup>5</sup> Some courts have extended the estoppel to such art, invoking statements from the legislative history indicating that the estoppel was intended to reach “prior art which a skilled searcher conducting a diligent search reasonably could have been expected to discover.”<sup>6</sup> This raises a number of questions, including what constitutes a “skilled searcher” and what constitutes a “diligent search.” At least one court held that this inquiry involved questions of fact and was not amenable to summary judgment.<sup>7</sup>

Regardless, as more tribunals invoke this language from the legislative history, it is more likely to become the de facto standard for whether estoppel applies to prior art that was not known at the time of filing. Defendants preparing to file IPRs should therefore consider whether to commission a prior art search to document what was reasonably discoverable at the time.

## Estoppels are unlikely to extend to prior art products and uses

In addition to unknown art, courts also tackled the issue of whether IPR estoppel applies to prior art products and uses. As products cannot be raised as prior art in IPRs, courts have generally declined to apply estoppel to such prior art products.<sup>8</sup> If the product is embodied in a printed publication, however, a court may require that there be some material difference between an invalidity argument based on the product and one based on the publication.<sup>9</sup> Indeed, one court notably cautioned that a party “cannot ‘cloak its reliance upon [prior art] as a product ... to avoid [the] estoppel.’” (internal citations omitted)<sup>10</sup> Nevertheless, if the product in question is a “superior and separate reference,” there may nevertheless be good reasons for why estoppel should not apply in that instance.<sup>11</sup>

Overall, defendants have a qualified opportunity to raise product prior art that overlaps with estopped prior art. However, it is still important to assess manuals and other types of product documentation to evaluate whether the product art would be deemed “separate and superior.”

## The impact of SAS on the estoppel exception explained in Shaw

In the past year, courts also addressed the impact of *SAS Inst. v. Iancu* on the estoppel principle explained in the Federal Circuit’s 2016 *Shaw* decision.<sup>12</sup> Specifically, *Shaw* created an estoppel exception for grounds that were raised in the petition but denied institution in

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a pre-SAS partial-institution decision.<sup>13</sup> The *Shaw* decision reasoned that estoppel should not attach to such grounds because they *could not* have been raised in the instituted IPR. After SAS, however, the PTAB must institute on all grounds, if at all, such that partial-institution will no longer occur.

While the *Shaw* scenario will no longer occur, it remains unclear whether, based on the reasoning in *Shaw*, whole petitions denied as cumulative to other petitions are free of estoppel. Like the pre-SAS non-instituted grounds in a partially-instituted IPR, grounds in a denied parallel petition *could not* have been raised. As noted by one court, “a petitioner who raises grounds that are not instituted, ‘to no fault of its own,’ has not had a full hearing on the merits of its invalidity contentions.”<sup>14</sup> If this is true, a petitioner could be incentivized to immunize known prior art from estoppel by filing multiple parallel petitions, even if some petitions are likely to be denied.

In summary, while 2019 provided welcome insight into how the estoppel provisions of the AIA operate and how far they may reach, there is still some uncertainty

surrounding when they apply. Several currently pending cases are anticipated to bring more clarity on the subject in 2020.

The IPR estoppel cases to watch in 2020 include:

*Network-1 Techs., Inc. v. Hewlett-Packard Co.*, No. 18-2338 (Fed. Cir. Sept. 5, 2018) (appeal involving scope of the “reasonably could have raised” estoppel standard);

*Asetek Danmark A/S v. CoolIT Sys., Inc.*, No. 3:19-cv-00410, ECF Dkt. No. 98 (N.D. Cal. Dec. 30, 2019) (Chen, J.) (holding that estoppel extends to non-petitioned claims and grounds and declining to extend reasoning in *Shaw* to post-SAS institution scenario);

*Contour IP Holding, LLC v. GoPro, Inc.*, No. 3:17-cv-04738, ECF Dkt. No. 335 (N.D. Cal. Jan. 9, 2020) (Orrick, J.) (holding that petitioner was not estopped from asserting grounds that may be cumulative or redundant of grounds raised during the IPR, as long as it does so by relying on references or combinations of references that were unavailable for IPR).

<sup>1</sup> 35 U.S.C. § 315(e)(2).

<sup>2</sup> See, e.g., *The Cal. Inst. of Tech. v. Broadcom Ltd.*, No. 2:16-cv-03714, ECF Dkt. No. 830 (C.D. Cal. Dec. 28, 2018) (Wu, J.).

<sup>3</sup> See, e.g., *Oil-Dri Corp. of Am. v. Nestlé Purina Petcare Co.*, No. 1:15-cv-01067, ECF Dkt. No. 224 (N.D. Ill. Jan. 16, 2018) (St. Eve, J.) (defendant admitted that it had copies of the prior art when it filed its petition and was therefore estopped); *Network-1 Techs., Inc. v. Alcatel-Lucent USA, Inc.*, No. 6:11-cv-00492, ECF Dkt. No. 978 (E.D. Tex. Sept. 26, 2017) (Mitchell, J.) (defendant estopped from later asserting references that were cited in invalidity contentions).

<sup>4</sup> See *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293 (Fed. Cir. 2016).

<sup>5</sup> *Freal Foods, LLC v. Hamilton Beach Brands, Inc.*, No. 1:16-cv-00041, ECF Dkt. No. 239 (D. Del. Apr. 10, 2019) (Connolly, J.).

<sup>6</sup> 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

<sup>7</sup> *Palomar Techs., Inc. v. MRSI Systems, LLC*, No. 1:18-cv-10236, ECF Dkt. No. 393 (D. Mass. Mar. 27, 2019) (Saylor, J.).

<sup>8</sup> *Polaris Indus., Inc. v. Arctic Cat, Inc.*, No. 0:15-cv-04475, ECF Dkt. No. 488 (D. Minn. Aug. 15, 2019) (Tunheim, J.); *Oil-Dri Corp. of Am. v. Nestlé Purina Petcare Co.*, No. 1:15-cv-01067, ECF Dkt. No. 647 (N.D. Ill. Feb. 22, 2019) (Kennelly, J.).

<sup>9</sup> *The Cal. Inst. of Tech. v. Broadcom Ltd.*, No. 2:16-cv-03714, ECF Dkt. No. 936 (C.D. Cal. Mar. 11, 2019) (Wu, J.).

<sup>10</sup> *SRAM, LLC v. RFE Holding (Canada) Corp.*, No. 1:15-cv-11362, ECF Dkt. No. 102 (N.D. Ill. Jan. 25, 2019) (Lefkowitz, J.).

<sup>11</sup> *Id.*

<sup>12</sup> *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293 (Fed. Cir. 2016).

<sup>13</sup> *Id.* at 1300.

<sup>14</sup> *Am. Tech. Ceramics Corp. v. Presidio Components, Inc.*, No. 2:14-cv-06544, ECF Dkt. No. 142 (E.D.N.Y. Jan. 30, 2019) (Matsumoto, J.). (quoting *Milwaukee Elec. Tool, Corp. v. Snap-On Inc.*, 271 F. Supp. 3d 990, 1029 (E.D. Wisc. 2017)).