

The Changing Contours of IPR Estoppel Law

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Introduction

As any PTAB practitioner knows, the possibility of being estopped from asserting prior art in district court is a significant risk that must be considered when filing an IPR. Section 315(e)(2) prevents a petitioner, following a final written decision, from asserting invalidity grounds that the petitioner “raised or reasonably could have raised” in the petition.¹

That provision has teeth—the Supreme Court recently denied certiorari in *California Institute of Technology v. Broadcom Ltd.*, thus leaving intact the Federal Circuit’s broad interpretation of § 315(e) as applying “not just to claims and grounds asserted in the petition and instituted for consideration by the Board, but to all grounds not stated in the petition but which reasonably could have been asserted against the claims included in the petition.”² In other words, a petitioner may be estopped with respect to grounds that the PTAB never adjudicates, including grounds involving prior art that was unknown to the petitioner at the time it filed its petition.

Courts are now grappling with issues that *Caltech* did not address. What happens, for example, when a challenger discovers art after filing its petition? How does a court determine whether invalidity grounds based on such art “reasonably could have” been raised? Further, what happens when a challenger asserts in IPR a reference describing a commercial product—is the challenger estopped from asserting the product in district court? Finally, when statutory estoppel does *not* apply, can common law estoppel (i.e., issue preclusion or claim preclusion) fill the gap to prevent a challenger from asserting an invalidity challenge? This article explores these issues.

Estoppel Based on Newly Discovered Art

In *Ironburg Inventions Ltd. v. Valve Corporation*, the Federal Circuit addressed the extent to which § 315(e)(2) applies to art that the challenger discovers after filing its petition.³ The case began when Ironburg sued Valve for infringement of Ironburg’s video-game-console controller patent. Valve responded by filing an IPR challenging the claims on various grounds. The PTAB instituted partial review (pre-SAS⁴) and cancelled some, but not all, claims. In district court, Valve challenged the remaining claims based on the non-instituted grounds, as well as non-petitioned grounds involving art that Valve discovered after filing its petition. Ironburg responded that Valve was estopped under § 315(e)(2), and the district court agreed. The case went to trial, resulting in an infringement verdict and a damages award of more than \$4 million.

On appeal, the Federal Circuit affirmed the district court’s ruling with respect to the non-instituted grounds

but vacated the court’s ruling with respect to the non-petitioned grounds. As to the non-instituted grounds, the court held that because those grounds were included in the petition, they were “raised” during the IPR and thus subject to estoppel.⁵ The court noted, moreover, that Valve’s choice not to seek remand after SAS for the PTAB to address the non-instituted grounds “does not shield it from estoppel.”⁶

As to the non-petitioned grounds, the Federal Circuit agreed with the district court that such grounds “reasonably could have been raised” in an IPR petition if “a skilled searcher conducting a diligent search reasonably could have been expected to discover” the grounds.⁷ But the Federal Circuit disagreed with the district court’s determination that the patent challenger bears the burden to show that this standard has not been met. The Federal Circuit held instead that the patentee, “as the party asserting and seeking to benefit from the affirmative defense of IPR estoppel,” bears “the burden of proving, by a preponderance of the evidence, that a skilled searcher exercising reasonable diligence would have identified an invalidity ground.”⁸ This burden allocation, the court reasoned, “is consistent with the general practice that a party asserting an affirmative defense bears the burden to prove it.”⁹

In so holding, the court rejected Ironburg’s argument that the burden should be borne by the patent challenger merely because details of its search efforts are uniquely within its possession and will often be claimed as privileged. The Federal Circuit noted that district courts frequently encounter and resolve such privilege issues without difficulty. In any event, such details are largely irrelevant because the inquiry focuses on what a *skilled searcher* would find by exercising reasonable diligence, not on what the patent challenger did (or did not) find.¹⁰ Accordingly, the Federal Circuit vacated the district court’s estoppel ruling as to the non-petitioned grounds and remanded for the district court to determine whether Ironburg, as the party asserting estoppel, can meet its burden.

Ironburg’s holding sounds simple enough. But, as a practical matter, how can a patentee show that a skilled researcher would have found a prior art reference by exercising reasonable diligence? Is it enough merely to show that the reference was cited during prosecution of the challenged patent? Can the patentee rely on the fact that the reference was cited in a third-party’s IPR petition? Perhaps, but not standing alone. In fact, Ironburg relied on precisely this type of evidence, and the Federal Circuit determined that it was insufficient without additional information. It is not enough, the court noted, for a patentee to show that another challenger was able

to find the art at issue. Rather, the patentee must provide details about the challenger's search—if the searcher was reasonably diligent, then estoppel could apply; but if the challenger performed a more rigorous search, then the mere fact that the challenger found the prior art does not imply that a skilled searcher also would have found it exercising mere reasonable diligence.¹¹

A patentee seeking to assert IPR estoppel must proffer affirmative evidence establishing the steps that a skilled searcher would take when exercising reasonable diligence. Mere assumptions about what a skilled searcher would do are insufficient.¹² Thus, patent owners should consider having their own searches conducted near the time that an IPR petition is filed and proffer evidence of such. Relevant evidence might include, for example, declarations from experts or neutral, third-party attorneys or search firms.¹³ At least where a patentee relies on the search results of a third-party challenger, moreover, such evidence will require discovery from the challenger to determine whether its efforts were reasonably diligent. And, even though the patentee bears the burden on this score, the patent challenger would be wise to conduct a thorough prior art search and proffer countervailing evidence of its own.

But not just any search will do. Rather, the search must be performed without undue influence from the reference being searched for in the first place. In *EIS, Inc. v. IntiHealth*, the patent owner proffered evidence of two prior art searches it commissioned that turned up the reference at issue to support its argument that a skilled searcher would have found the reference.¹⁴ The problem, though, was that the individuals performing the search reviewed the reference prior to formulating their search criteria, which included certain terms found *only* in the reference and not the challenged patents themselves. When such terms were excluded from the search, moreover, the search queries failed to locate the reference. Accordingly, the court reasoned, the search criteria “was plagued by hindsight bias.”¹⁵ Further, the court faulted the patent owner for failing to indicate where the reference ranked among the search results or explain why the searches “would not have ceased prior to locating” the reference.¹⁶ *EIS* thus establishes the importance of impartiality in prior art searches.

Finally, given that the patentee bears the burden, to the extent it wishes to have its expert opine on estoppel, it must submit an opening expert report addressing these issues—at least one court has held that a patentee's expert cannot address estoppel for the first time in a rebuttal report.¹⁷ The full effects of *Ironburg* have yet to be seen. But *Ironburg* could significantly broaden the scope of discovery in district court and IPRs, leading to discovery and privilege fights in both venues.¹⁸

Estoppel Based on Product Prior Art

Another issue that has emerged in *Caltech*'s wake is how estoppel applies to product prior art. IPR petitions can

only be based upon “patents or printed publications,”¹⁹ and so product art cannot be “raised or reasonably ... raised” in IPRs. Such art, however, *can* be asserted in district court. Does estoppel apply to preclude an IPR petitioner from relying on product art?

Courts have reached different answers to that deceptively simple question. Some courts have answered affirmatively based on a broad view of estoppel. For example, in *Wasica Finance GmbH v. Schrader International, Inc.*, Judge Stark (then Chief Judge of the District of Delaware) addressed whether “IPR estoppel extend[s] to invalidity ‘grounds’ that include a physical product when a patent or prior art publication—to which the physical product is entirely cumulative—was reasonably available during the IPR.”²⁰ The court noted that § 315(e)(2) applies to unpatentability *grounds*, not “evidence used to support those grounds.”²¹ Thus, because the obviousness combination at issue involved grounds that reasonably could have been raised in the IPR, estoppel applied. It did not matter that some of the evidence asserted in district court (namely, the underlying product) could not have been asserted as prior art in the IPR. Other courts have taken a similarly broad view.²²

Some other courts, by contrast, have taken a narrower view of § 315(e)(2). In *Chemours Co. v. Daikin Industries, Ltd.*, for example, Judge Noreika (also in the District of Delaware) rejected *Wasica*'s holding, reasoning that “[a]s a matter of statutory interpretation,” estoppel applies only to “grounds”—i.e., “specific pieces of prior art that are the basis or bases on which a petitioner challenges a claim.”²³ Accordingly, because product art cannot be used in an IPR “ground,” estoppel does not preclude the challenger from asserting such art in district court.²⁴ Other courts have taken a similar view.²⁵ In fact, Judge Bryson (sitting by designation in the District of Delaware) recently endorsed this view, holding that IPR estoppel does not apply to device art, even when that art is cumulative of patents and printed publications that were or could have been asserted in a prior IPR.²⁶ Accordingly, there are now two judges on the Federal Circuit (Judges Stark and Bryson) who have adopted different views as to this issue.

In still other cases, courts have tried to split the difference by permitting patent challengers to rely on prior art in district court that could not have been presented in IPR while at the same time preventing challengers from skirting estoppel. In *Boston Scientific Corp. v. Cook Group Inc.*, for example, the Southern District of Indiana rejected a categorical rule and instead articulated a burden-shifting framework based on differences between the product prior art and the IPR-asserted art:

[A] plaintiff must show that each and every material limitation present in the physical device is disclosed in the estopped reference; the burden then shifts to the defendant. If the defendant, in response, points to a material limitation that is disclosed in the physical device

that is *not* disclosed in the estopped reference, then the burden shifts back to the plaintiff to show why said limitation is (1) either *not* material or (2) is in fact specifically disclosed in the estopped reference.²⁷

Applying that framework, the court held that estoppel did not apply to most of the products at issue given material differences between the products and the printed publications describing them.²⁸

In sum, estoppel could apply to product prior art depending on the degree to which the art is coextensive with art asserted in an IPR. Thus, when selecting product art in district court, practitioners should ensure that the art adds features not disclosed in IPR art. Further, if an invalidity case is stronger with a prior art product, practitioners should consider avoiding IPR positions that may lead to their best product-based arguments being precluded by estoppel.

Estoppel Based on Common Law Issue Preclusion

Another issue that has recently sprung up is whether common law forms of estoppel such as issue preclusion and claim preclusion can apply to prevent a defendant from raising certain invalidity challenges even when statutory estoppel under § 315(e) does *not* apply. Courts addressing this issue have been reluctant to apply common law estoppel in such a way that would render § 315(e)(2) superfluous.

In *DMF, Inc. v. AMP Plus, Inc.*, for example, the patent owner argued that issue preclusion prevented the defendant from raising certain invalidity challenges after

the patent had survived IPR even though the court had already ruled that § 315(e)(2) does not apply.²⁹ The patent owner's argument was based on *B & B Hardware, Inc. v. Hargis Industries, Inc.*, in which the Supreme Court held that TTAB decisions regarding likelihood of confusion are entitled to preclusive effect in later district court litigation "[s]o long as the other ordinary elements of issue preclusion are met[.]"³⁰ The Central District of California was not convinced. The court reasoned that, "because Congress enacted a specific framework with respect the issue preclusive effect of IPR proceedings, . . . § 315(e)(2) embodies an evident statutory purpose to apply the specified framework in lieu of common law issue preclusion."³¹ The court noted that the patent owner's contrary argument would render § 315(e)(2) superfluous. Other courts have reached similar conclusions.³²

Conclusion

Although estoppel law is still evolving, its boundaries are coming into focus. Such focusing will continue as the Federal Circuit weighs in on some of the issues described above, and as district courts continue to address novel estoppel theories.³³ Until then, below is a table that summarizes scenarios where estoppel has been held to apply.

Finally, the scope of IPR estoppel may change if and when the PREVAIL Act is passed.³⁴ If enacted, the Act would expand statutory estoppel to apply as soon as a petition is *filed* as opposed to when a final written decision is issued.³⁵ This would dramatically expand the scope of estoppel and make petitioners more wary of pursuing IPRs in the first place.

Table 1: Summary of IPR Estoppel Law

Scenario	Authority
Grounds raised in petition and subject to Final Written Decision	35 U.S.C. § 315(e)(2)
Grounds raised in petition but not instituted, where petitioner failed to request post-SAS remand	<i>Ironburg Inventions Ltd. v. Valve Corporation</i> , 64 F.4th 1274 (Fed. Cir. 2023); <i>Click-to-Call Techs. LP v. Ingenio, Inc.</i> , 45 F.4th 1363 (Fed. Cir. 2022)
Grounds not raised in petition but which the petitioner knew about	<i>California Inst. of Tech. v. Broadcom Ltd.</i> , 25 F.4th 976 (Fed. Cir. 2022); <i>cf. Intuitive Surgical, Inc. v. Ethicon LLC</i> , 25 F.4th 1035 (Fed. Cir. 2022)
Grounds not raised in petition but which a skilled searcher would have discovered exercising reasonable diligence	<i>Ironburg Inventions Ltd. v. Valve Corporation</i> , 64 F.4th 1274 (Fed. Cir. 2023)
Product art that is similar to printed publication art asserted in IPR	<i>Wasica Fin. GmbH v. Shrader Int'l</i> , 432 F. Supp. 3d 448, 454 (D. Del. 2020); <i>Boston Sci. Corp. v. Cook Grp. Inc.</i> , 2023 WL 1452172, at *34 (S.D. Ind. 2023). <i>But see Chemours Co. v. Daikin Industries, Ltd.</i> , 2022 WL 2643517 (D. Del. 2022).

1. 35 U.S.C. § 315(e)(2).
2. 25 F.4th 976, 991 (Fed. Cir. 2022).
3. 64 F.4th 1274 (Fed. Cir. 2023).
4. The Supreme Court held in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018), that the PTAB must institute IPR on all claims raised in a petition or none of them. The Federal Circuit has extended that holding to invalidity grounds raised in a petition. See *PGS Geophysical AS v. Iancu*, 891 F.3d 1354, 1359-1360 (Fed. Cir. 2018).
5. 64 F.4th at 1297 (citing *California Inst. of Tech.*, 25 F.4th at 990).
6. *Id.* (quoting *Click-to-Call Techs. LP v. Ingenio, Inc.*, 45 F.4th 1363, 1370 (Fed. Cir. 2022)).
7. *Id.* at 1298.
8. *Id.* at 1299.
9. *Id.*
10. *Id.*
11. *Id.* at 1298-99. But see *Sioux Steel Co. v. Prairie Land Mill Wright Servs.*, 2022 WL 4132441, at *9-11 (N.D. Ill. 2022) (holding estoppel applied where the petitioner itself found the prior art references at issue in a subsequent search).
12. See, e.g., *In the Matter of Certain Playards and Strollers, Inv.* No. 337-TA-1288, Initial Determination at 102 (I.T.C. Mar. 31, 2023) (refusing to find estoppel where, even though a prior art reference related to the reference at issue was listed on the face of the challenged patent, the patentee provided "no evidence to support ... an assumption" that "a skilled searcher would search for similar art to that cited on the face of the patent[']").
13. See, e.g., Decision on Petition to Vacate Reexamination Order, *In re Tyler*, Control No. 90/014,950 (Nov. 16, 2022) (PTAB relying on prior art searcher declaration to deny reexamination of patent).
14. 2023 WL 6797905, at *4 (D. Del. 2023).
15. *Id.*
16. *Id.* at *5.
17. See *CloudofChange, LLC v. Lightspeed POS Inc.*, No. 6:21-cv-01102 (W.D. Tex. July 18, 2023) (striking as untimely patentee's rebuttal expert report addressing estoppel).
18. See 35 U.S.C. § 315(e)(1) (imposing similar estoppel standard as between an IPR and PTO proceeding); *Intuitive Surgical, Inc. v. Ethicon LLC*, 25 F.4th 1035 (Fed. Cir. 2022) (applying § 315(e)(1) estoppel); see also *Samsung Elecs. Co. v. MemoryWeb, LLC*, IPR2022-00222, Paper 37, at 3-4 (P.T.A.B. June 1, 2023) (to address real-party-in-interest, estoppel, and waiver issues in view of a Final Written Decision issued in another IPR, ordering the parties to propose a "discovery plan" that accounts for *Ironburg*).
19. See 35 U.S.C. § 311(b) ("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."):
 20. 432 F. Supp. 3d 448, 454-455 (D. Del. 2020).
 21. *Id.* at 455.
 22. See, e.g., *Singular Computing LLC v. Google LLC*, -- F. Supp. 3d --, 2023 WL 2839282, at *7 (D. Mass. 2023) ("Google is estopped from using patents and printed publications of which it was aware, or reasonably should have been aware, at the time of the IPR proceeding. That bar applies whether the patents and printed publications are offered as stand-alone evidence, or in combination with other evidence that could not have been presented at the IPR proceeding."); *Hafeman v. LG Elecs., Inc.*, 2023 WL 4362863, at *1 (W.D. Tex. 2023) (holding that estoppel applied as to products that admittedly practiced the prior art patents asserted in IPRs).
 23. 2022 WL 2643517, at *1-2 (D. Del. 2022) (cleaned up).
 24. *Id.*
 25. See, e.g., *EIS*, 2023 WL 6797905, at *5-6; *Pact XPP Schweiz AG v. Intel Corp.*, 2023 WL 2631503, at *1 (D. Del. 2023); *Medline Indus. Inc. v. C.R. Bard, Inc.*, 2020 WL 5512132, at *4 (N.D. Ill. 2020) ("The Court therefore reads 'ground,' as that term is used in 35 U.S.C. § 315(e)(2), to mean the specific piece of prior art or combination of prior art that a petitioner raised, or could have raised, to challenge the validity of a patent claim during an IPR."); cf. *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 271 F. Supp. 3d 990, 1032 (E.D. Wis. 2017).
 26. *Prolitec Inc. v. Scentair Techs., LLC*, No. 20-cv-00984, at 51 (D. Del. Dec. 13, 2023).
 27. 2023 WL 1452172, at *34 (S.D. Ind. 2023).
 28. *Id.* at *35-36.
 29. 2023 WL 4157479, at *4-6 (C.D. Cal. 2023).
 30. 575 U.S. 138, 160 (2015); cf. *Google LLC v. Hammond Dev. Int'l, Inc.*, 54 F.4th 1377, 1382 (Fed. Cir. 2022) (holding that patent owner was collaterally estopped from litigating validity of patent claim on appeal from an IPR based on the PTAB's intervening ruling in a different IPR invalidating claim of a related patent over the same art).
 31. *DMF*, 2023 WL 4157479, at *5.
 32. See, e.g., *Illumina, Inc. v. Qiagen, N.V.*, 207 F. Supp. 3d 1081, 1089 (N.D. Cal. 2016) (finding that patent owner was "unlikely to prevail" in using common law estoppel to "displac[e] the statutory design of Section 315(e)(2)").
 33. See, e.g., *Cellwitch Inc. v. Tile, Inc.*, No. 19-cv-01315, D.I. 221, at 3 (N.D. Cal. Nov. 2, 2023) (rejecting argument that IPR estoppel can "bar a party from bringing an inequitable conduct counterclaim as to a particular prior art reference" that was asserted in an IPR).
 34. PREVAIL Act, S. 2220, 118th Cong. (2023).
 35. See *id.*, subsection (f) to newly proposed 35 U.S.C. § 315.

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