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Setting Up the Scope of IPR Estoppel for the Federal Circuit

By Jason Engel, Ben Weed, and Erik Halverson

On January 11, Judge Sue L. Robinson issued her final decision on statutory estoppel in district court post-*inter partes* review (“IPR”) proceeding¹, confirming her decision on summary judgement of invalidity and cross motion of no invalidity² from last December in which she held that Toshiba was estopped from raising the obviousness grounds on the references on which IPR was instituted and subsequently addressed in the final written discussion, but not estopped from raising additional invalidity grounds at trial.³ Judge Robinson appears to be setting up the IPR estoppel issue for Federal Circuit review. 35 U.S.C. § 315(e)(2) states, in part, that the petitioner, or real party in interest, in an IPR proceeding may not assert that a patent “claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.” Since the introduction of the IPR, the balancing act for practitioners has involved weighing the strength of the prior art to be submitted in the petition, with the potential estoppel effect on other art that arguably reasonably could have been raised in the petition.

Judge Robinson notes that the Federal Circuit in *Shaw* takes a very literal view on this statute and interprets their holding to focus on the fact that the petitioner “did not—nor could it have reasonably raised—the [rejected] ground **during** the IPR” (emphasis in original).⁴ By focusing on the “during the IPR” aspect of *Shaw*, Judge Robinson concluded that extending such logic to *all* publically available references confounds the nature of the dual proceedings.⁵

Judge Robinson asserts that the Federal Circuit has not yet addressed the fact pattern where “the invalidity ground ... was never raised in the IPR, but reasonably could have been raised during the IPR”⁶ and allowed Toshiba Corp. (“Toshiba”) to raise an invalidity defense based on prior art that was not raised in the IPR but that arguably reasonably could have been raised in IPR. The Federal Circuit has addressed the scenario where an institution is denied⁷ (the petitioner is not estopped from using the art in an un-instituted ground, as only instituted grounds are addressed in the final written decision);

¹ Intellectual Ventures I LLC et al. v. Toshiba Corp. et al. (“IV”), Civ. No. 13-453-SLR (D. Del. Jan. 11, 2017).

² *Id.* (Dec. 19, 2016 order at 1).

³ *Id.* at 27.

⁴ *Id.* (citing *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016)).

⁵ *Id.* at 26.

⁶ *Id.* (Jan. 11, 2017 order at 1) While it was not disputed that the ground at question was based on publically available information, it is unclear whether Toshiba actually knew of the art in the ground.

⁷ *Synopsys Inc. v. Mentor Graphics Corporation*, 814 F.3d 1309, 1316 (Fed. Cir. 2016).

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the Patent Trial and Appeal Board (“PTAB”) has discussed the situation where grounds are determined to be redundant by the board⁸ (grounds not addressed in the final written decision and therefore the petitioner was not estopped from asserting the art in the redundant grounds); one district court has weighed in on estoppel of physical machines when an instruction manual was publically available (the machine provided features that were not present in the written manual, and was allowed as prior art);⁹ another district court has reviewed what happens when a ground could not have been raised due to unavailability of the art¹⁰ (unavailable art could not have been reasonably raised and therefore was allowed to be used in district court); and another district court addressed estoppel for grounds that were not instituted for substantive reasons, as opposed to redundant reasons¹¹ (estoppel does not attach to the art in the noninstituted grounds).

By asserting that Toshiba was not estopped from asserting a combination that was not raised in the IPR, but arguably reasonably could have been raised, Judge Robinson may be signaling the need for guidance from the Federal Circuit (or Congress) as to the scope of IPR estoppel in district court. Judge Robinson determined that her options were to either (1) conclude that a petitioner “must bring to the PTAB’s attention every ground the company has reason to think may be relevant,” less the petitioner be estopped from asserting additional prior art based defenses at trial, or (2) allow games to be played “between the PTAB and the courts, asserting some references in connection with the IPR but reserving some for litigation.”¹² Judge Robinson provides reasonable policy arguments for both outcomes: (1) this appears to be inconsistent with the page restrictions and other limitations imposed by the PTAB on petitioners; and (2) this seems to go against the purpose of the administrative proceeding that is supposed to provide faster, cheaper, and better resolution to patent disputes.¹³

As this question is queued up for the Federal Circuit, practitioners are watching closely to see what outcome a potential estoppel change may have on IPR proceedings going forward. It appears that Judge Robinson has taken a very broad approach in her interpretation, possibly motivated by a desire to have the Federal Circuit (or Congress) address the issues at hand. If petitioners are only estopped from raising invalidity grounds that were actually raised or reasonably could have been raised in view of page restrictions (perhaps limited to the art in the raised combinations), the \$23,000 price tag for an IPR to get a first attempt at invalidity becomes very appealing to accused

⁸ Apotex Inc. v. Wyeth LLC, IPR2015-00873, Paper 8 (PTAB Sept. 16, 2015).

⁹ Star EnviroTech, Inc. v. Redline Detection, LLC et al., 8-12-cv-01861, 5 (C.D. Cal. January 29, 2015, Order) (noting that the physical machine was “a superior and separate reference,” as it included claimed features that were not described in the instruction manual).

¹⁰ Clearlamp LLC v. LKQ Corporation, 1-12-cv-02533 (N.D. Ill. March 18, 2016) (the issue of burden with reasonably available has yet to be determined, c.f. Praxair Distribution Inc. v. INO Therapeutics LLC, IPR2016-00781, Paper 10 (Aug. 25, 2016)).

¹¹ Verinata Health, Inc., et al. v. Ariosa Diagnostics, Inc., et al., 3-12-cv-05501 (N.D. Cal. January 19, 2017, Order).

¹² *IV* at (Jan. 11, 2017 order at 3).

¹³ *Id.*

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infringers. However, if petitioners are estopped from raising grounds beyond redundant grounds or grounds based on unavailable art (i.e., if the “reasonably could have” portion of the statute is accorded substantial breadth), the decision of what art to apply in an IPR remains a nuanced and strategic decision to be made in collaboration between the litigation and IPR teams.

Authors:

Jason Engel

jason.engel@klgates.com

+1 312 807 4236

Ben Weed

benjamin.weed@klgates.com

+1 312 781 7166

Erik Halverson

erik.halverson@klgates.com

+1 312 807 4240

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