

## Post-Grant for Practitioners

# Choosing Whether to Challenge a Patent at the PTAB – Has *Shaw* Watered Down Petitioner Estoppel?



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### Post-Grant for Practitioners: Choosing Whether to Challenge a Patent at the PTAB - Has *Shaw* Watered Down Petitioner Estoppel?


Join us on Wednesday, August 9, for our next Post-Grant webinar: Choosing Whether to Challenge a Patent at the PTAB - Has *Shaw* Watered Down Petitioner Estoppel? In this webinar, Fish principals [Karl Renner](#) and [Gwilym Atwell](#) will explore the implications of the Federal Circuit *Shaw* decision by looking at recent district court and PTAB decisions addressing petitioner estoppel, while also discussing techniques to mitigate the risks of potential estoppel as well as implications for parties considering a Post-Grant Review challenge.

[Register](#) now for this Post-Grant for Practitioners webinar.

Wednesday, August 9, 2017  
1:00 PM - 2:00 PM EDT  
Via the web

Speakers:

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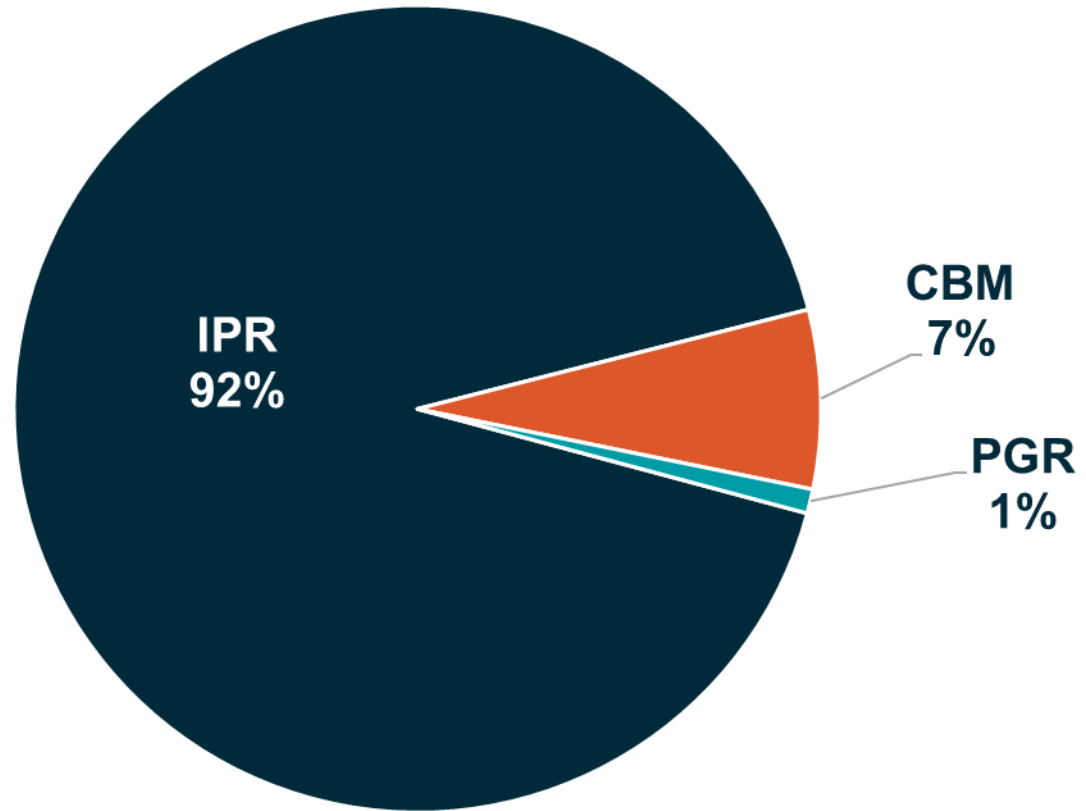


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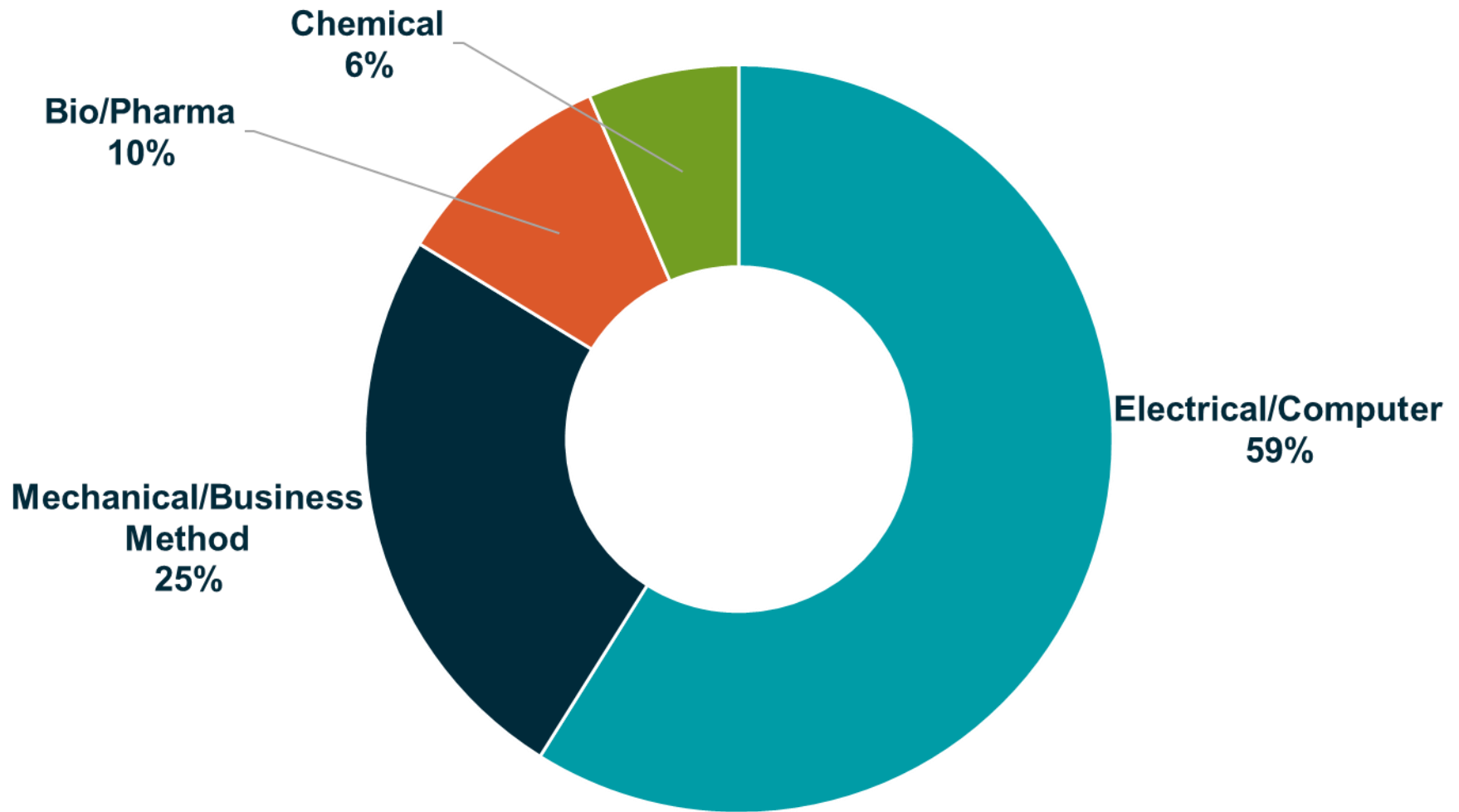
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# Filings Continue To Exceed Expectations

**7,316 AIA  
Petitions Filed  
Since 2012**



# Technology Breakdown By USPTO Tech Center (2012-Present)



Source: LexMachina, data current as of 7/31/2017; Design Patents make up <1% of remaining petitions



# Estoppel – What Is It?

# Estoppel – Several Different Types

Body	Basis	Description
District Court, ITC	35 U.S.C. §§315(e) and 325(e)	Applies to Petitioner's actions at the District Court and ITC
PTAB	35 U.S.C. §§315(e) and 325(e)	Applies to Petitioner's actions in post-grant proceedings
US PTO	37 C.F.R. §42.73	Applies to Patent Owner's (d(3)) as well as Petitioner's (d(1)) actions at the PTO



## Estoppel – Initially Seen As The Big Downside To Post-Grant Challenges

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"Fear makes the  
wolf bigger than  
he is."

- *German Proverb*

# 35 U.S.C. § 315(e)

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- 35 U.S.C. § 315(e)(1)

- Proceedings before the office

The petitioner in an *inter partes* review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.

- 35 U.S.C. § 315(e)(2)

- (2) Civil actions and other proceedings

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

# Scope Of Estoppel

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- Estoppel requires at least a Final Written Decision
- Scope of estoppel - “any ground that the petitioner raised or reasonably could have raised during” the proceeding
  - Only applies to the claims covered by the decision
  - Only applies to patents and printed publications
- Estoppel extends to:
  - Proceedings before the PTO
  - Civil actions
  - ITC actions

# Previous Readings Of Estoppel Provision

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## Range of interpretation:

- One end - estoppel applies to **all** patents and printed publications that could have been raised
- Other end - estoppel applies to **only those** patents and printed publications instituted and addressed in the FWD
- Recent Federal Circuit decisions have partially clarified the breadth of estoppel
  - *Shaw Industries Group v. Automated Creel Systems*, No. 2015-1116 (Fed. Cir. 2016)
  - *HP Inc. v. MPHJ Technology Investments, LLC*, No. 2015-1427 (Fed. Cir., 2016)
  - *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1354 (Fed. Cir. 2016).



# Recent Decisions Relating To Estoppel – The Courts

# District Court And Federal Circuit Cases

Case	Date	Court
<i>Clearlamp. LLC v. LKQ Corp</i>	3/18/2016	N.D. Ill.
<i>Shaw Indus. Grp. v. Automated Creel Sys.</i>	3/23/2016	Fed. Cir.
<i>HP Inc. v. MPHJ Technology Investments, LLC</i>	4/5/2016	Fed. Cir.
<i>Illumina Inc. v. Qiagen NV</i>	9/9/2016	N.D. Cal.
<i>Intellectual Ventures I LLC v. Toshiba Corp.</i>	1/11/2017	D. Del.
<i>Verinata Health, Inc. v. Ariosa Diagnostics, Inc.</i>	1/19/2017	N.D. Cal.
<i>Great West Cas. Co. v. Intellectual Ventures II LLC</i>	2/15/2017	PTAB
<i>Douglas Dynamics, LLC v. Meyer Prods. LLC</i>	4/18/2017	W.D. Wis.
<i>Biscotti v. Microsoft</i>	5/11/2017	E.D. Tex.
<i>Oil-Dri Corporation of America v. Nestle Purina Petcare Company</i>	8/2/2017	N.D. Ill.

# The *Clearlamp* Decision (N.D. III.)

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- *Clearlamp LLC v. LKQ Corp.*, No. 12C 2533 (N.D. Ill. March 18, 2016)
- Decided a few days before *Shaw*
- LKQ Corp. had filed an IPR on grounds based, in part, on three prior art references
- In the district court litigation, LKQ moved for summary judgment of invalidity on surviving claims based on commercially available product (as evidenced by a datasheet) in combination with the three prior art references
- Clearlamp argued that product was cumulative to IPR art, because product was covered by one of the patents relied upon
- **Holding:** Estoppel does not extend to prior art that was not reasonably available during an IPR, even if redundant or cumulative to prior art used during the IPR; the court concluded that “[t]he relevant inquiry...is not whether the ground is redundant of a ground that was asserted but, rather, whether the ground reasonably could have been raised.”

# The *Clearlamp* Decision

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- Clearlamp did not adequately establish that cumulative art was “reasonably available”
- Court pointed out that the proponent of an estoppel argument [plaintiff/patent owner] bears the burden of showing that a skilled searcher’s diligent search would have found the prior art in question. One way to make this showing is:
  - “(1) to identify the search string and search source that would identify the allegedly unavailable prior art and
  - (2) present evidence, likely expert testimony, why such criterion would be part of a skilled searcher’s diligent search.”
- *Depomed, Inc. v. Purdue Pharma LP et al.*, 3-13-cv-00571 (NJD) & *Star EnviroTech, Inc. v. Redline Detection, LLC et. al.*, 8-12-cv-01861 (CACD) – Similar holdings



# The *Shaw* and *HP* Decisions (Fed. Cir.)

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- *Shaw Industries Group v. Automated Creel Systems*, 817 F.3d 1293 (Fed. Cir. 2016); *HP Inc. v. MPHJ Technology Investments, LLC*, 817 F.3d 1339 (Fed. Cir. 2016)
- PTAB instituted each IPR on fewer grounds than in petition(s), but denied the other grounds as redundant
- In *Shaw*, Fed. Cir. said “The IPR does not begin until it is instituted. . . . Thus, *Shaw* did not raise—nor could it have reasonably raised—the [ground found redundant by PTAB] during the IPR. The plain language of the statute prohibits the application of estoppel under these circumstances.” *Shaw*, 817 F. 3d at 1300.
- In *HP*, the Fed. Cir. said “As we explained *supra*, however, the noninstituted grounds do not become a part of the IPR. Accordingly, the noninstituted grounds were not raised and, [as review was denied](#), could not be raised in the IPR. Therefore, the estoppel provisions of § 315(e)(1) do not apply.” *HP*, 817 F. 3d at 1347.

# District Court Cases Applying *Shaw* And *HP*

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- Category 1: Estoppel DOES NOT Apply to Redundant Grounds
  - *Illumina Inc. v. Qiagen NV* (N.D. Cal.)
  - *Douglas Dynamics, LLC v. Meyer Prods. LLC* (W.D. Wis)
- Category 2: Estoppel DOES NOT Apply to Below-Standard Grounds
  - *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.* (N.D. Cal.)
  - *Douglas Dynamics, LLC v. Meyer Prods. LLC* (W.D. Wis)
- Category 3: Estoppel DOES Apply to Below-Standard Grounds
  - *Precision Fabrics Group, Inc. v. Tietex International, Ltd.* (NCMD)
- Category 4: Estoppel DOES NOT Apply to Grounds Never Raised
  - *Intellectual Ventures I LLC v. Toshiba Corp.* (D. Del.)
- Category 5: Estoppel DOES Apply to Grounds Never Raised
  - *Cobalt Boats, LLC v. Sea Ray Boats, Inc.* (VAED)
  - *Oil-Dri Corporation of America v. Nestle Purina Petcare Company* (N.D. Ill.)
  - *Biscotti v. Microsoft* (E.D.Tex.)

# Category 1 & 2: The *Douglas Dynamics Decision*

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*Douglas Dynamics, LLC v. Meyer Products LLC 3-14-cv-00886 (WIWD)*

- The court granted plaintiff's motion to clarify an earlier order concerning the meaning of "ground for invalidity" for purposes of post-IPR estoppel under 35 U.S.C. § 315(e), deferred ruling on whether defendant was estopped from asserting a specific theory on invalidity

"[Plaintiff] essentially asks the court to explain what a 'ground for invalidity' is. . . . [T]he defendant is not locked into the precise argument made in its IPR petition. But if the new theory relies on different, uncited portions of the prior art, attacks different claim limitations, or relies on substantially different claim constructions, then the new theory is tantamount to a new invalidity ground, and the court will treat it like a non-petitioned ground subject to estoppel. . . it hardly seems fair to restrict [defendant] to the claim construction used in the IPR, if [plaintiff] is free to re-tool its infringement case with new claim constructions, as [plaintiff] suggests that it is free to do. I will defer a decision on whether these principles would estop [defendant] from contending that claim 6 is anticipated by Keeler under the alternative interpretation of [the claim term]. The parties are free to argue the § 315(e) estoppel issue at summary judgment."

# Category 2: The *Verinata* Decision

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- *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, 2017 U.S. Dist. LEXIS 7728, \*9-11 (N.D. Cal. Jan. 19, 2017).
- Verinata alleged infringement of claims that had survived an IPR proceeding
- Ariosa had asserted 3 obviousness grounds in the IPR;
- Board instituted only on Ground 1; finding Ground 2 redundant and finding that IPR petitioner had failed to establish reasonable likelihood of success for Ground 3
- In the Final Written Decision, the Board held that Ariosa had failed to show that the challenged claims were unpatentable over Ground 1
- The District Court found that:
  - Ground 3 was not subject to estoppel because it was denied institution
  - Although Ground 2 was denied institution as redundant, it was nevertheless subject to estoppel because, as it was merely a subset of instituted Ground 1, the ground was raised, or reasonably could have been raised, during the IPR trial

# Category 3: *The Precision Fabrics Decision*

*Precision Fabrics Group, Inc. v. Tietex International, Ltd.* 1-13-cv-00645 (NCMD)

- The court granted plaintiff's motion for summary judgment that its flame retardant fabric patents were not invalid following *inter partes* review of one patent and a denial of *inter partes* review of the other patent.
- Although Tietex conceded that it was estopped from arguing invalidity on the basis of three references, it maintained that it was not estopped from arguing invalidity on the basis of three other references, as the PTAB did not address these references in its final decision.
- “However, 35 U.S.C. § 315(e)(2) estops Tietex from asserting that the [patent] is invalid not only on grounds raised during the *inter partes* review, but also on grounds that 'reasonably could have [been] raised' during the *inter partes* review. Tietex is therefore foreclosed from asserting the invalidity of the [patent] during this proceeding. . . . [T]he PTAB's refusal to institute an *inter partes* review [of the other patent] is indicative of the weakness of [defendant's] claim of invalidity as to [that] patent, as the PTAB will not authorize an *inter partes* review unless 'there is a reasonable likelihood' that a petitioner would prevail in proving invalidity.”

# Category 4: The *Intellectual Ventures* Decision

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- *Intellectual Ventures I LLC v. Toshiba Corp.*, 2017 U.S. Dist. LEXIS 3800, \*4 (D. Del. Jan. 11, 2017)
- The court granted plaintiff's motion for summary judgment "to prevent [defendant] from asserting invalidity challenges" due to IPR estoppel as to references raised during a prior IPR, but denied the motion with respect to references that could have been raised in the IPR, but were not.
- "Although [plaintiff's] argument in this regard is perfectly plausible, in the sense that [defendant] certainly could have raised these additional obviousness grounds based on public documents at the outset of their IPR petition, the Federal Circuit has construed the above language quite literally. More specifically, the Court determined in [Shaw] that, because the PTAB rejected a certain invalidity ground proposed by the IPR petitioner, no IPR was instituted on that ground and, therefore, petitioner 'did not raise -- nor could it have reasonably raised -- the [rejected] ground during the IPR.'"
- Although extending the above logic to prior art references that were never presented to the PTAB at all (despite their public nature) confounds the very purpose of this parallel administrative proceeding, the court cannot divine a reasoned way around the Federal Circuit's interpretation in Shaw. [Defendant] may not raise obviousness based on [3 references raised during IPR] against the relevant claims of the [patent] in the case at bar. However, [defendant] may present the additional invalidity grounds at trial."

## Category 5: The *Cobalt Boats* Decision

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- The court granted plaintiff's motion *in limine* to preclude defendants from asserting three prior art references that reasonably could have been raised in their petition for *inter partes* review under a narrow reading of *Shaw*. "The Court adopts the narrow reading of [*Shaw*] and finds that estoppel applies to grounds that the petitioner raised at the IPR itself and could have raised in the IPR petition or at the IPR itself. . . . It would waste this Court's time to allow a stay for a year during IPR proceedings and then review invalidity arguments that Defendants could (and perhaps should) have raised in their IPR petition. . . .
- "[Defendants] assert that they are arguing invalidity based on a combination of prior art products with other references and that they could only raise prior art patents and printed publications in IPR. . . . The authority is sparse on this issue, and the Court defers ruling on the admissibility of references involving prior art products.
- The court granted plaintiff's motion *in limine* to preclude defendants from asserting invalidity grounds based on competitors' product manuals because the manuals were reasonably available through searching and therefore could have been raised as grounds for unpatentability in defendant's earlier petition for *inter partes* review.



# Recent Decisions Relating To Estoppel – The PTAB



# The *Great West Casualty Co.* Decision (PTAB)

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- *Great West Casualty Co. et al. v. Intellectual Ventures II*, IPR2016-01534, Paper No. 13 (PTAB Feb. 15, 2017)
- PTAB denies institution of IPR on a number of grounds, including that the estoppel provisions of 35 USC § 315(e) barred the petition
- Decision is contrary to various district court decisions relating to the scope of the estoppel
- Decision clarifies the meaning of “reasonably could have raised.”

- Subject IPR Petition represented the fifth time that Petitioner had challenged claims 11-20 of the '177 patent
- In two earlier-filed IPR petitions that resulted in final written decisions, Petitioner had unsuccessfully challenged claims 11-13 and 15-20 of the '177 patent
- In the IPR petition at issue, Petitioner challenged claims 11-13 and 15-20 on the basis of a combination of references, one of which (Robinson) was not raised in the two earlier-filed IPR petitions that resulted in FWDs
- Petitioner, citing *Shaw* and referring to *Intellectual Ventures I LLC*, and *Verinata Health, Inc.*, argued that the estoppel was limited to grounds actually raised in the prior two IPR proceedings. Because those grounds did not include Robinson, the estoppel should not bar the present IPR petition

- The PTAB rejected Petitioner’s argument and interpreted *Shaw* differently from some district courts. The PTAB stated that the language in § 315(e) referring to grounds a petitioner “reasonably could have raised” meant that the estoppel was not limited to grounds actually raised:

“[W]e are unpersuaded that the words ‘reasonably could have been raised during that *inter partes* review’ from Section 315(e)(1) should be interpreted as limited to grounds actually raised during the prior completed proceedings .... We discern that Congress would not have included the additional words ‘or reasonably could have raised’ after ‘raised’ if Congress had desired to limit the estoppel to grounds actually raised.” *Id.* at p. 12.

- The PTAB contrasted the language of § 315(e) with the AIA provisions relating to covered business method reviews. The latter specifically limits estoppel to “any ground that the petitioner raised during that transitional proceeding.” *Id.* at p. 12 (quoting Section 18(a)(1)(D) of the AIA).
- The PTAB then interpreted *Shaw* to mean that “estoppel does not apply to any ground of unpatentability that was presented in a petition, but denied institution.”

- The PTAB further distinguished between grounds raised but denied institution vs. grounds that the petitioner could have raised but elected not to raise:

“[W]e discern a substantive distinction between a ground that a petitioner attempted to raise, but was denied a trial, and a ground that a petitioner could have raised, but elected not to raise in its previous petition or petitions. Basic principles of fairness and due process dictate that the petitioner should not be estopped in the former .... In the latter, a petitioner makes an affirmative choice to avail itself of *inter partes* review only on certain grounds. That choice, however, comes with consequences, most prominently, that grounds petitioner elects not to raise in its petition for *inter partes* review may be subject to the consequences of Section 315(e)(1).”

- In reaching its decision, the PTAB acknowledged the contrary results reached in other district court cases but declined to adopt the reasoning in those decisions for 3 reasons:

(1) The PTAB stated that the district court decisions were not binding on the PTAB;

(2) The PTAB stated that the *Shaw* decision “does not address the fact scenario in either the district court proceeding or the instant proceeding;” and

(3) The PTAB implied that it disagreed with the Delaware district court decision (“In our view, our analysis comports with *Shaw Industries Group*, which did not address the scenario presented here.”). *Id.* at 14.

The “scenario presented here” was a situation where the prior art was never raised in the earlier IPR proceeding

- After concluding that estoppel potentially applied, the PTAB next considered whether Petitioner “reasonably could have raised” Robinson in the earlier IPR proceedings
- Petitioner argued that it was not aware of Robinson prior to filing the earlier IPR petitions despite “exhaustive” searching and that there was no evidence that a diligent prior art searcher would have found Robinson in the typical places that would have been searched
- Patent owner argued that Robinson would have been found by searching the Library of Congress’ database or in a search of [www.wordlcat.org](http://www.wordlcat.org), “a popular online library catalog.”
- The PTAB accepted that Petitioner’s searches did not locate Robinson. However, based upon evidence that Patent Owner presented, the PTAB agreed with Patent Owner that diligent searching would have located Robinson. As a result, the PTAB held that the estoppel barred the petition

# Other Related PTAB Decisions

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IPR2017-0000685

"Petitioner relies on substantially the same prior art in both the present Petition and the [IPR2017-00088] Petition. Four of the asserted prior art references, namely [U.S. patent], [a journal paper], [a textbook], and [a guide book] are the same in both proceedings. Petitioner also presents substantially the same arguments in the present Petition and the -88 petition. . . . [C]ontrary to Petitioner's arguments, Petitioner should have been aware of the existence of [U.S. patent '698] and [U.S. patent '811] prior to filing the -88 Petition, and could have presented its arguments regarding [a handbook], [patent '698], and [patent '811] in the -88 Petition, but did not."

IPR2016-00781

"[W]e, therefore, find scant evidence that Praxair engaged 'a skilled searcher conducting a diligent search' as contemplated in the legislative history. . . . [and] we are not persuaded that Petitioner has demonstrated that a skilled searcher conducting a diligent search would not have expected to discover Greenough and Jaypee."





# Strategy With Respect To Estoppel

# Strategic Considerations: Petitioners

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Consider drafting petitions to trigger a finding of redundancy

- Petitioners may want to consider including in their petition any grounds they want to be sure to preserve for future proceedings if the Board denies them as redundant
- Consider identifying which ground (or grounds) is the “lead” in a challenge to a particular claim
  - Why? The PTO has made clear that it may select certain viable grounds for institution over others for “efficiency” purposes, rather than on the merits
- Carefully consider making statements about redundancy of a reference and grounds
  - For example, a petition might also indicate, explicitly or by implication, which grounds are redundant to one another to more clearly preserve them

# Strategic Considerations: Patent Owners

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- Consider making arguments in preliminary responses about redundancy and challenges to the sufficiency of the references identified in a ground
- Consider arguments regarding what a skilled searcher conducting a diligent search would not have expected to discover



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- **USPTO Sites:**

- AIA Main: [http://www.uspto.gov/aia\\_implementation/index.jsp](http://www.uspto.gov/aia_implementation/index.jsp)
- AIA Trial Statistics: <https://www.uspto.gov/patents-application-process/appealing-patent-decisions/statistics/aia-trial-statistics>
- Post-Grant Trial Guide:  
[https://www.uspto.gov/sites/default/files/aia\\_implementation/trial\\_practice\\_guide\\_48756.pdf](https://www.uspto.gov/sites/default/files/aia_implementation/trial_practice_guide_48756.pdf)

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