

# WilmerHale Webinar: Untangling IPR Estoppel and Navigating Into the Future

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# Overview

- IPR Estoppel
  - What is it and why have it?
  - *Shaw Industries*
- Estoppel as applied in district courts
- Strategies for navigating estoppel



## 35 U.S.C. § 315(e)(2)

“The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision. . . may not assert . . . in a civil action arising in whole or in part under section 1338 of title 28 . . . that the 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)



## Estoppel – The Bargain

- In electing to participate in a particular forum for issues of validity, estoppel acts to save resources and allow a full and fair hearing *once*, not relitigate what was already decided.



## IPR Estoppel – Why?

- Earlier patent-reform bills limited the estoppel effect of IPR to only those issues that were actually raised and decided in the review.
- “Patent owners objected to repealing could-have-raised estoppel, arguing that such a change would result in ‘duplicative administrative and judicial challenges.’”

Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 FED. CIR. BAR. J. 539, 616-17 (2012).



## IPR Estoppel – Why?

- The final law extends estoppel to issues that a petitioner “reasonably could have raised.”

Matal, *supra* at 616.

- “Patent protection will be stronger with the inclusion of ‘could have raised’ estoppel [and] strong administrative estoppel.”

157 Cong. Rec. S1367 (daily ed. Mar. 8, 2011)

(statement of Sen. Kohl).

- “[I]f an inter partes review is instituted while litigation is pending, that review will completely substitute for at least the patents-and-printed-publications portion of the civil litigation.”

157 Cong. Rec. S1360-94 (daily ed. Mar. 8, 2011)

(statement of Sen. Grassley).





## IPR Estoppel – Why?

- The estoppel provision “effectively bars [ ] a party or his real parties in interest or privies from later using inter partes review . . . against the same patent . . .”

157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011)  
(statement of Sen. Kyl).
- “Estoppel provisions mean that your patent is largely unchallengeable by the same party.”

*America Invents Act: Hearing on H.R. 1249 Before the House Comm. on the Judiciary, 112<sup>th</sup> Cong. 52-53 (2011)*  
(statement of USPTO director David Kappos).



## Judicial Interpretation of § 315(e)

- *Shaw Indus. Grp. Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293 (Fed. Cir. 2016).
  - Where “the denied ground never became part of the IPR,” a petitioner is not estopped from bringing the “arguments in either the PTO or the district courts.” *Id.* at 1300.
  - Plain language of the statute prohibits the application of estoppel when a party raises a ground in its petition for IPR that is then denied and no IPR is instituted on that ground. *See id.*
- *HP Inc. v. MPHJ Tech. Inv. LLC*, 817 F.3d 1339 (Fed. Cir. 2016).
  - “[T]he 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.” *Id.* at 1347.

## Estoppel as Applied in District Courts

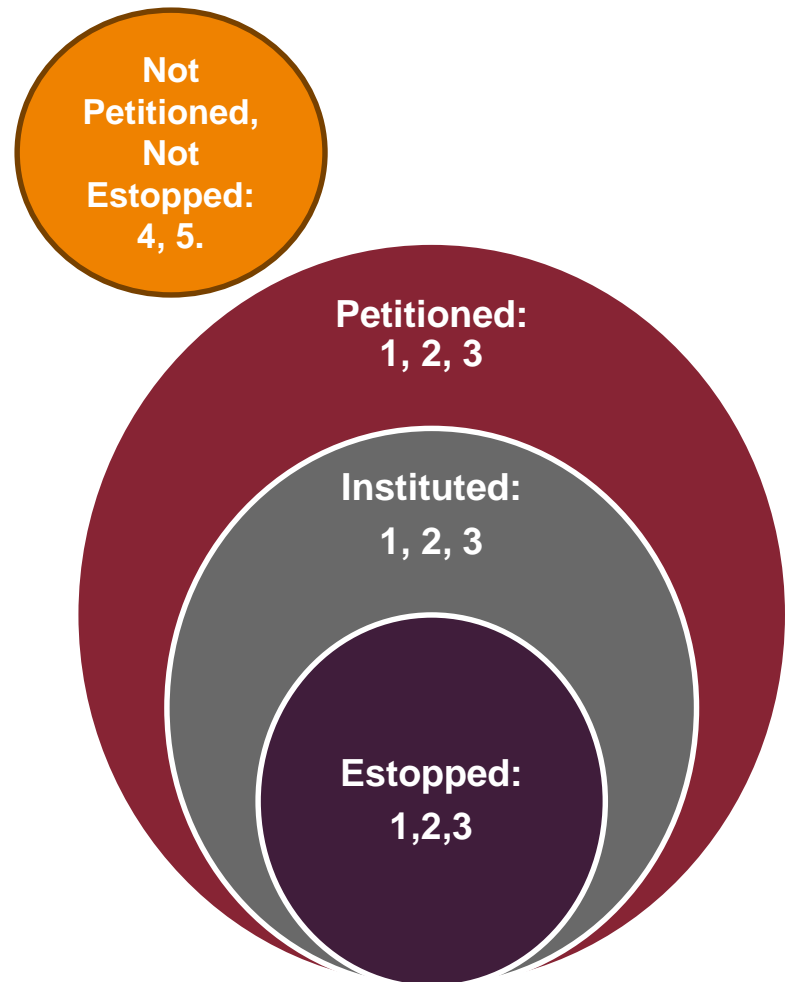
- Only grounds instituted - estopped
- Raised, not instituted – not estopped
- Not raised, but known - estopped
- Combinations of the above



## *Intellectual Ventures I LLC v. Toshiba Corp.*, No. 13-453-SLR (D. Del. Dec. 19, 2016).

- “Although IV’s argument in this regard is perfectly plausible, in the sense that Toshiba 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 [estoppel statute] quite literally.”

*Intellectual Ventures*,  
No. 13-453-SLR at 26.



# *Verinata Health, Inc., v. Ariosa Diagnostics, Inc.*, No. 12-cv-05501-SI (N.D. Cal. Jan. 19, 2017).



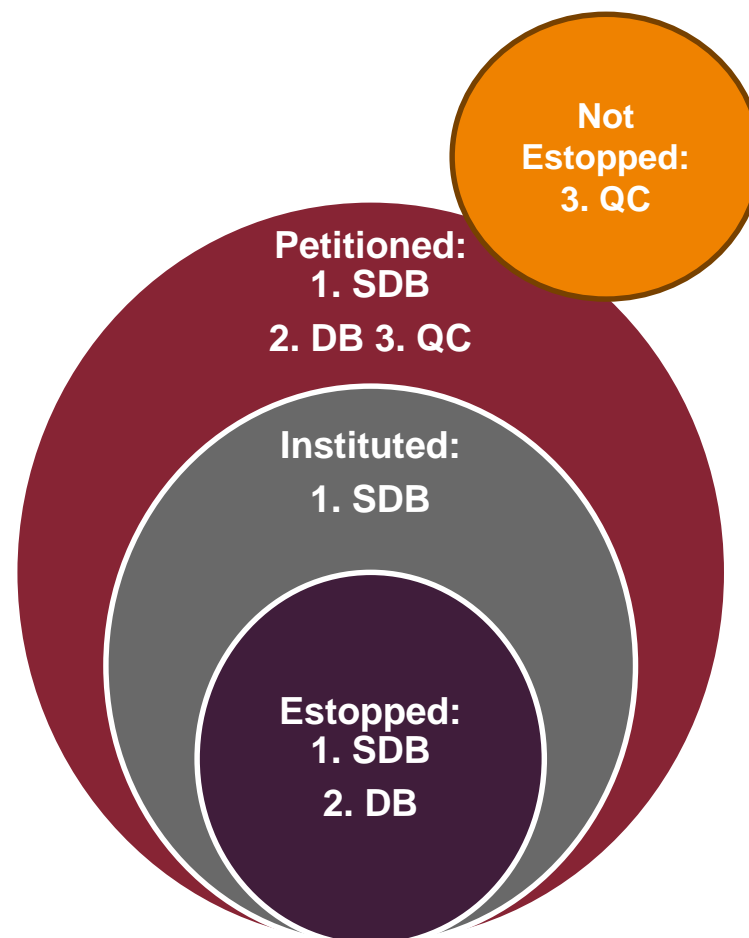
## Ariosa IPR Petitions:

- (1) obviousness over the combined teachings of Dhallan and Binladen; (“DB”)
- (2) obviousness over the combined teachings of Quake and Craig; (“QC”)
- (3) obviousness over the combined teachings of Shoemaker, Dhallan, and Binladen. (“SDB”)

*The PTAB instituted IPR on only the third ground. (“SDB”)*

## Before the district court:

- (1) obviousness over the combined teachings of Dhallan and Binladen; and (“DB”)
- (2) obviousness over the combined teachings of Quake and Craig. (“QC”)





*Verinata Health, Inc., v. Ariosa Diagnostics, Inc.*,  
No. 12-cv-05501-SI (N.D. Cal. Jan. 19, 2017).

- Only arguments raised *during* IPR are subject to estoppel.
  - However, if the grounds denied as redundant cite a subset of the references on which the petition was instituted, the petitioner could have raised them in the IPR and is therefore estopped.

*Verinata*, No. 12-cv-05501-SI at 7.

- If the final IPR decision is based on a “technicality,” whether a particular reference can be considered prior art, estoppel applies even though the PTAB never specifically compared the reference with the patent in its final decision.

*Id.* at 9.



*Illumina, Inc. v. Qiagen, N.V.*, No. 16-2788-WHA (N.D. Cal. Sept. 9, 2016).

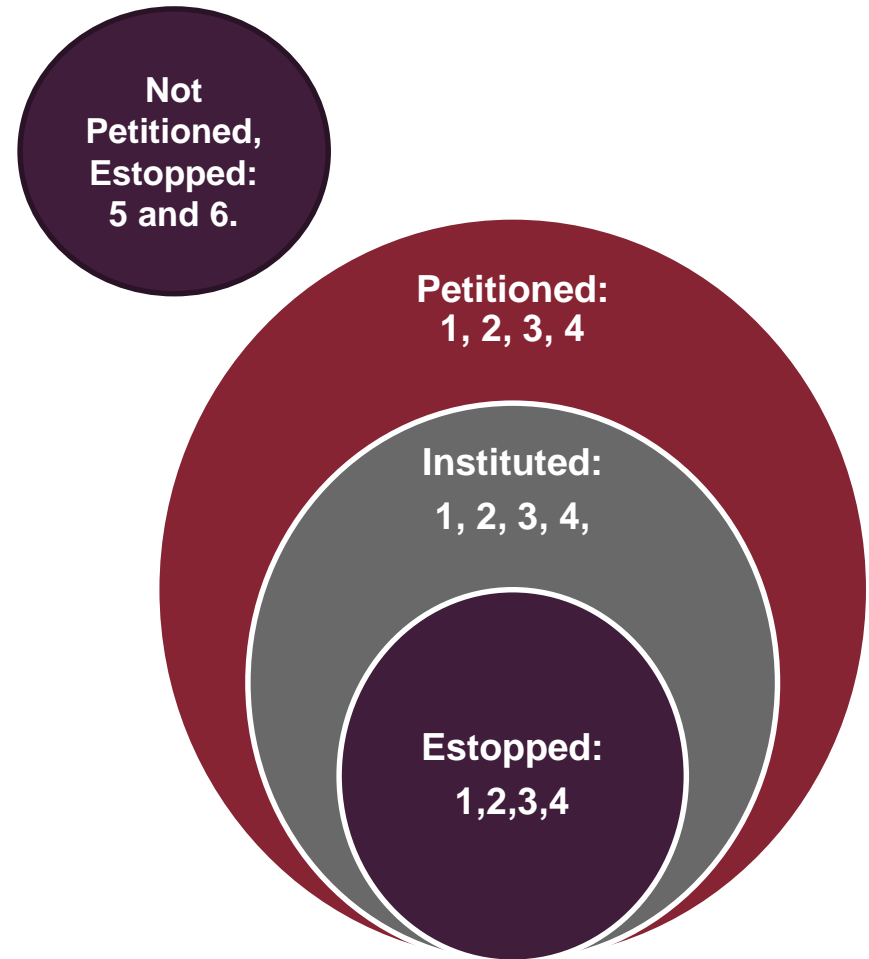
“The Federal Circuit recently held that statutory estoppel does not apply to grounds raised in a petition but not instituted. Thus, the arguments that Qiagen raises herein, which were not instituted by the IPR, are not barred by Section 315(e)(2).”

*Illumina*, 16-2799-WHA at 9.

# *Parallel Networks Licensing LLC v. IBM, No. 13-2072 (KAJ) (D. Del. Feb. 22, 2017).*



- In August 2015, IBM filed four IPR petitions.
  - IPR was instituted on all four grounds, but IBM ultimately failed to prove the claims were unpatentable.
- Before the District of Delaware IBM sought to invalidate claims based on prior art combinations of which it was aware before it filed the IPR petitions but not brought before PTAB.







*Parallel Networks Licensing LLC v. IBM*, No. 13-2072 (KAJ) (D. Del. Feb. 22, 2017).

“The PTAB has recognized that estoppel under § 315(e) is broad, and that the prior art references (or combinations) a petitioner ‘could have raised’ includes any references that were known to the petitioner or that could reasonably have been discovered by ‘a skilled searcher conducting a diligent search.’”

*Parallel Networks*, 13-2072 (KAJ) at 24 (quoting *Apotex v. Wyeth*, IPR2015-00873 at \*6).



*Parallel Networks Licensing LLC v. IBM*, No. 13-2072 (KAJ) (D. Del. Feb. 22, 2017).

- The court rejected IBM’s argument that because it joined a petition brought by Microsoft on identical grounds, it would have been unreasonable for it to have raised any invalidity argument not presented in the Microsoft IPR.

*Parallel Networks*, 13-2072 (KAJ) at 25.

- There is no “mirror image” rule for joinder.

*Id.* at 26.

- Joinder can involve petitions that assert different grounds of invalidity.



## Joinder

“If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter parties review under section 314.”

35 U.S.C. § 315(c)



*Douglas Dynamics, LLC v. Meyer Products LLC*,  
No. 14-cv-886-JDP (W.D. Wis. Apr. 18, 2017).

Douglas's position:  
"Complete Alternative"

- The IPR is a complete alternative to litigating validity in district court. Meyer can no longer test validity in court.

Meyer's position:  
"Direct Estoppel Only"

- Meyer is estopped only from litigating the precise issues decided by the PTAB on the merits; all else may be revisited in district court.

*Douglas Dynamics*, 14-cv-886-JDP at 2.



*Douglas Dynamics, LLC v. Meyer Products LLC*,  
No. 14-cv-886-JDP (W.D. Wis. Apr. 18, 2017).

- “*Shaw’s* narrow view of § 315(e) estoppel undermines the purported efficiency of IPR, especially if it were applied to allow post-IPR assertion of non-petitioned grounds, as Meyer proposes.”

*Douglas Dynamics*, 14-cv-886-JDP at 8.

- “Under this approach, IPR is not an alternative to litigating validity in the district court, it is an additional step in the process.”

*Id.*

- “If the defendant pursues the IPR option, it cannot expect to hold a second-string invalidity case in reserve in case the IPR does not go defendant’s way.”

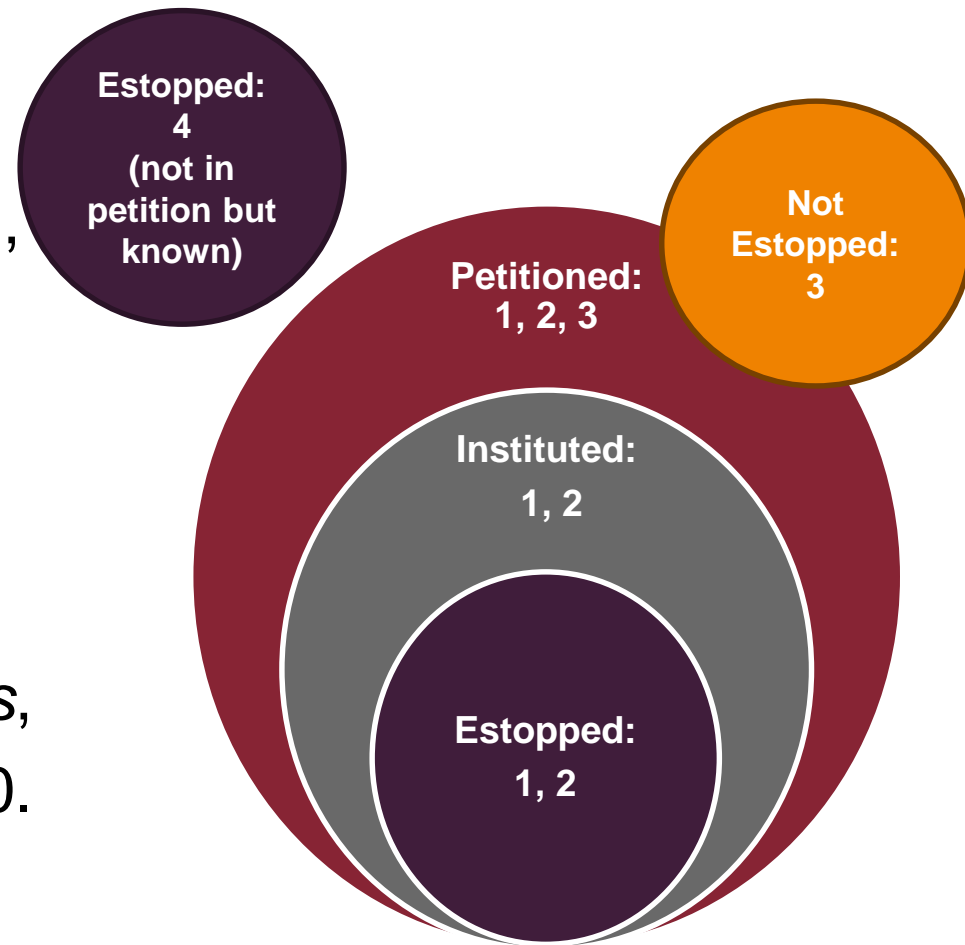
*Id.* at 9.

*Douglas Dynamics, LLC v. Meyer Products LLC*,  
No. 14-cv-886-JDP (W.D. Wis. Apr. 18, 2017).



- “As long as PTAB has the unreviewable discretion to decline to institute IPR on any ground for any reason, the defendant ought to be able to assert non-instituted grounds in the district court after the IPR is concluded.”

*Douglas Dynamics*,  
14-cv-886-JDP at 10.





*Douglas Dynamics, LLC v. Meyer Products LLC*,  
No. 14-cv-886-JDP (W.D. Wis. May 15, 2017).

Motion for Reconsideration – expanding interpretation?

- “[I]f 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.”

*Douglas Dynamics*, at 3-4 (W.D. Wis. May 15, 2017).



*Biscotti Inc. v. Microsoft Corp.*, No. 2:13-cv-01015-JRG-RSP (E.D. Tex. May 11, 2017).

“Section 315(e) estops Microsoft from asserting at trial:

- (1) grounds for which the PTAB instituted IPR and determined those grounds to be insufficient to establish unpatentability after a trial on the merits;
- (2) grounds included in a petition but determined by the PTAB to not establish a reasonable likelihood of unpatentability (in other words, administrative review on the merits of a ground); and
- (3) grounds not included in a petition that a “skilled searcher conducting a diligent search reasonably could have been expected to discover.”

*Biscotti*, No. 2:13-cv-01015-JRG-RSP at 13.





## What is “reasonably could have raised”?

- “[E]vidence that a skilled search would have found.”  
*Clearlamp, LLC v. LKQ Corp.*, No. 12 C 2533, 2016 WL 4734389 at \*9 (N.D. Ill. Mar. 18, 2016).
- “Adding the modifier ‘reasonably’ ensures that could-have-raised estoppel extends only to that prior art which a skilled searcher conducting a diligent search reasonably could have been expected to discover.”  
157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011)  
(statement of Senator Jon Kyl)



*Depomed, Inc. v. Purdue Pharma LP*, No. 3-13-cv-00571 (D.N.J. November 4, 2016)

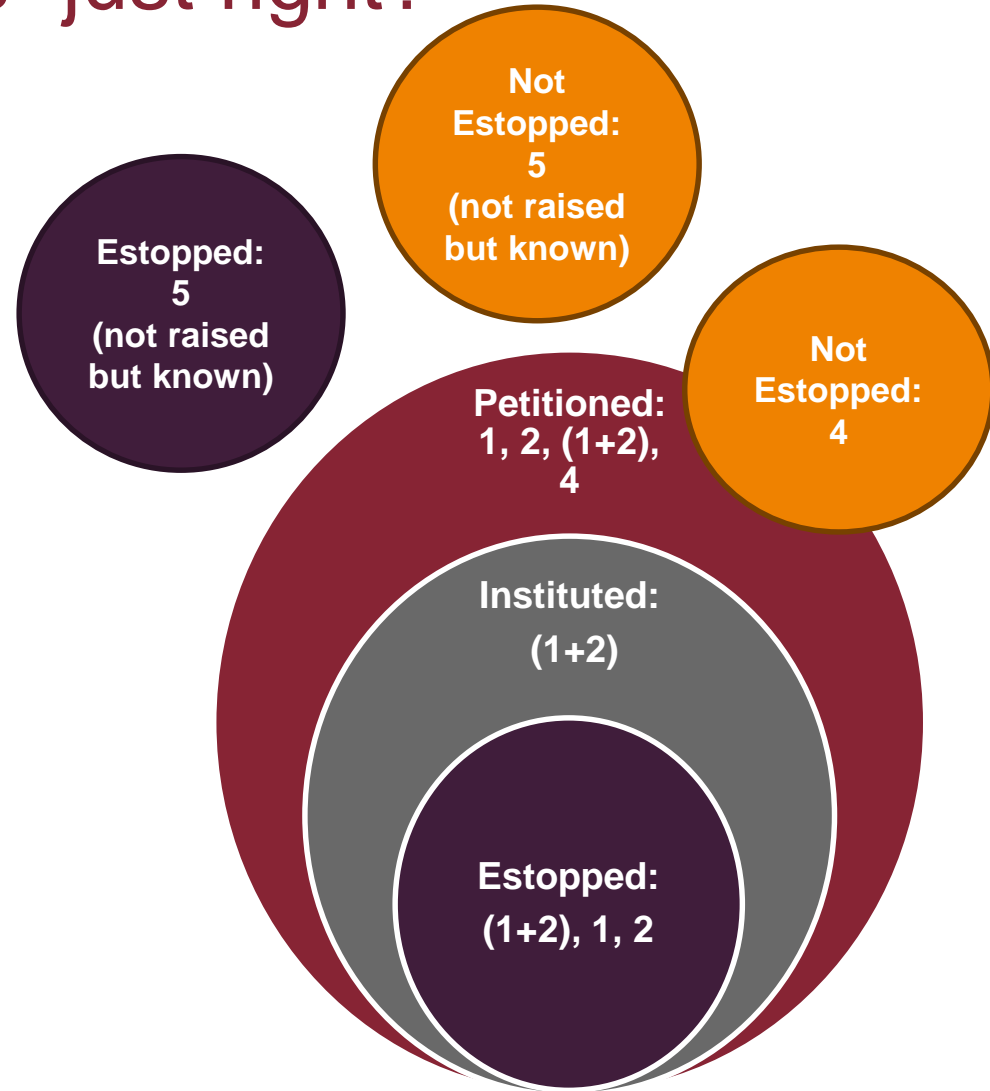
“[T]he post IPR viability of Purdue’s §§ 102 and 103 defenses in light of the Federal Circuit’s decisions in *Synopsys* and *Shaw* may impact the Court’s decisions going forward regarding whether matters should be stayed pending IPR.”

*Depomed*, No. 3-13-cv-00571 at 24.



# Which standard is “just right?”

1. Only grounds instituted – estopped
  - Not Raised, but known - not estopped
2. Raised, not instituted – not estopped
3. Not raised, but known - estopped.
4. Combination of 2 and 3?



# Navigating Estoppel



## Considerations for Petitioners:

- File on strategic grounds - consider scope of different grounds, some grounds determined to be redundant may not be estopped
- Identify a “lead” ground in a challenge to a particular claim
- Consider full range of prior art – including manuals that describe possible prior public use or on sale

# Navigating Estoppel

## Considerations for Petitioners (cont.):

- Carefully consider making statements about redundancy of a reference and grounds

# Navigating Estoppel



## Considerations for Patent Owners:

- Consider the positions on estoppel in the various candidate jurisdictions for suit
- Consider arguments in preliminary responses about redundancy, focus on challenges to the sufficiency of the references identified in a ground
- May want to consider having an expert address the redundancy of the grounds



## Navigating Estoppel Down the Road

- Expect further clarification
  - Eventually, the issue will be squarely in front of the Federal Circuit as an estoppel issue
- For now district courts will continue to interpret estoppel
  - The precise boundaries of the preclusion may remain district-dependent, even judge dependent



## Decisions to watch:

- *SAS Institute Inc. v. Lee*, 16-969, cert petition granted May 22, 2017 to determine:

Whether 35 U.S.C. § 318(a), which provides that the Patent Trial and Appeal Board in an inter partes review “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner,” requires that Board to issue a final written decision as to every claim challenged by the petitioner, or whether it allows that Board to issue a final written decision with respect to the patentability of only some of the patent claims challenged by the petitioner, as the U.S. Court of Appeals for the Federal Circuit held.





# Questions?

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