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Estoppel After Final Written Decisions in IPR and PGR Proceedings

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The past few months have shed some light on the Patent Trial and Appeal Board's approach to estoppel in post-grant proceedings. Estoppel, under 35 U.S.C. §§ 315(e)(1) (for *inter partes* review) and 325(e)(1) (for post-grant review), applies to final written decisions on a claim-by-claim basis. Moreover, estoppel applies not only when a petitioner, or a real party in interest or privy of the petitioner, raised the arguments in a prior IPR or PGR proceeding, but also when he/she "*reasonably could have raised*" them.¹

Estoppel applies to final written decisions on a claim-by-claim basis. In *Westlake Services, LLC v. Credit Acceptance Corp.*,² the Board rejected the patentee's motion to terminate the proceeding based on a final written decision in a prior proceeding,³ which involved the same patent and petitioner, but not the same claims.

In the prior proceeding, the petitioner requested a review of all 42 patent claims;⁴ but the Board only instituted the proceeding as to 19 of the 42 claims⁵ and found those 19 claims unpatentable under 35 U.S.C. § 101. During the pendency of that proceeding, however, the Supreme Court issued much-anticipated § 101 decisions in *Alice Corp. Pty. LTD v. CLS Bank International*,⁶ as well as in *WildTangent, Inc. v. Ultramercial, LLC*.⁷ The petitioner then requested a rehearing in light of *Alice* to also address the remaining 23 claims,⁸ but because of the late stage of the proceeding, the Board only allowed the petitioner to file a second petition. When the second petition was filed, the Board then instituted the more recent proceeding as to the remaining 23 claims. Because the prior proceeding had not

¹ 35 U.S.C. §§ 315(e)(1) and 325(e)(1).

² CBM2014-00176, Order - Patent Owner's Motion to Terminate, May 14, 2015, Paper 28.

³ CBM2014-00008.

⁴ Claims 1-42 of Patent No. 6,950,807.

⁵ Claims 1-9, 13, and 34-42.

⁶ 134 S. Ct. 2347 (2014) (holding that merely requiring generic computer implementation fails to transform an abstract idea into a patent-eligible invention.)

⁷ 134 S. Ct. 2870 (2014) (vacating and remanding *Ultramercial, Inc. v. Hulu LLC*, 722 F.3d 1335 (Fed. Cir. 2013).

⁸ Claims 10-12 and 14-33.

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addressed, in its final written decision, the same specific claims as those in the more recent proceeding, estoppel did not apply.⁹

The Board was careful to note, however, that it “considered the impact of serial petitions on patent owners generally and the Patent Owner in this case specifically.”¹⁰ Still, in light of the significant changes in the law, the timing of those changes, and the petitioner’s inability to raise them during the prior proceeding, the Board determined that denial of the termination motion was appropriate. The Board further noted that it maintained the ability to exercise its discretion under Section 325(d)¹¹ to deny, for example, successive petitions intended to harass.

Estoppel applies to claims that reasonably could have been raised. Earlier this year, in *Dell, Inc. v. Electronics & Telecommunications Research Institute*,¹² the Board denied institution of an IPR proceeding based on a previous IPR brought by the same petitioner on the same patent.¹³ In the first IPR proceeding, the petitioner challenged all nine claims of the patent at issue,¹⁴ as anticipated and obvious in light of a number of references, including Mylex and Hathorn. The Board instituted the proceeding for seven¹⁵ of the nine claims, and only for anticipation by Hathorn, and entered a final written decision that the claims were not unpatentable by a preponderance of the evidence.¹⁶

In the second IPR proceeding, the Board found the estoppel to apply with respect to these seven claims because (a) the asserted Mylex and Hathorn prior art had been asserted in the prior IPR proceeding against all of the relevant claims, and (b) the different grounds for obviousness in the second proceeding *could have been raised* in the prior proceeding. The Board explained that “the differences in how the references have been asserted in these proceedings have no weight on our determination of whether the grounds raised in the instant Petition could have been raised in the . . . [prior] IPR. . . . On this record, we determine that the combination of Mylex and Hathorn to show obviousness of claims of the . . . patent constitutes a ground that Petitioner *could have raised* in the . . . [prior] IPR.”¹⁷ The Board further

⁹ CBM-176, Paper 28, 5.

¹⁰ *Id.* at 6.

¹¹ “. . . In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.”

¹² IPR2015-00549, Denial of Institution of *Inter Partes* Review and Denial of Motion for Joinder, March 26, 2015, Paper 10.

¹³ *Dell, Inc. v. Electronics and Telecommunications Research Institute*, IPR2013-00635.

¹⁴ Claims 1-9 of U.S. Patent No. 6,978,346.

¹⁵ Claims 1-3 and 5-8

¹⁶ *Id.* at 3.

¹⁷ *Id.* at 5-6 (emphasis added).

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elaborated that the “could have raised” standard is described as “prior art which a skilled searcher conducting a diligent search would reasonably could have been expected to discover” (citing 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Grassley)).¹⁸

The remaining two claims,¹⁹ however, had not been the subject of a final written decision in the first IPR, so estoppel did not apply. Nevertheless, the Board did not review the petition as to those two remaining claims because the petition was time-barred under Section 315(b) – a federal court case alleging infringement of the same patent was filed over a year prior.²⁰

Conclusion. These decisions show that the Board is sensitive to the concerns of patent owners of serial post-grant proceedings. Furthermore, the standard of “could have raised” is likely to be tested—who is a skilled searcher and what is a diligent search? Meanwhile, petitioners should consider the added value of including alternative theories of anticipation and obviousness, as the Board appears unsympathetic to new theories based on known references.

About the Author

Mr. Cefo’s practice focuses on patent litigation and patent portfolio evaluation and management in the areas of computer hardware and software, electronic and electromechanical devices, and MPEG video compression arts as well as in trademarks and copyrights. He also has experience with post-grant patent proceedings, including ex parte reexamination, reissues, AIA inter partes review and covered business method review for patent owners and petitioners.

¹⁸ *Id.* at 4.

¹⁹ Claims 4 and 9.

²⁰ The Board also denied the petitioner’s motion for joinder, to join the IPR-549 proceeding with *VMWare, Inc. v. Electronics & Telecommunications Research Institute* (IPR2014-00901) (“IPR-901”), which would avoid the time-bar issue, and decided that adding an additional petitioner to IPR-901 with such limited grounds (with respect to claims 4 and 9) would “unnecessarily complicate” and cause the patentee “additional time, effort and expense” (*Id.* at 7-8). It should be noted that the petitioner’s asserted grounds in the IPR-549 petition were identical to the grounds on which the Board instituted review in IPR-901, alleging that claims 1-9 of Patent No 6,978,346 were obvious over Mylex and Hathorn prior art references. See IPR-549, Paper 10, 2-3.



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