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# PETITIONER ESTOPPEL FROM PATENT TRIAL AND APPEAL BOARD PROCEEDINGS AFTER *SAS INSTITUTE INC. V. IANCU*

JENNIFER ESCH, PAULA MILLER, STACY LEWIS, & TOM IRVING\*

## ABSTRACT

The Federal Circuit decision in *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.* addressing petitioner estoppel from Patent Trial and Appeal Board (“PTAB”) decisions has not been uniformly interpreted by district courts or the PTAB. The Supreme Court’s recent *SAS Institute Inc. v. Iancu* decision, which requires institution or rejection on all petitioned claims, moots disagreements among jurisdictions regarding estoppel of petitioned, non-instituted grounds because the Federal Circuit and the United States Patent and Trademark Office (“USPTO”) have interpreted *SAS* to preclude institution on less than all grounds in a petition. Yet, district courts’ conflicting interpretations of *Shaw* to date demonstrate some remnant uncertainty for petitioner estoppel for at least two issues:

(1) Whether non-petitioned claims and grounds later raised in the district court necessarily constitute arguments that “reasonably could have [been] raised during [the previous] inter partes review.”<sup>1</sup>

(2) Whether petitioned grounds, where the final written decision was based on only a subset of grounds and the decision is subsequently overturned in favor of the patent owner, remain subject to petitioner estoppel.

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1. 35 U.S.C. § 315(e) (2012).

## I. INTRODUCTION

This year, the Supreme Court clarified the discretion afforded to the PTAB in *inter partes* reviews (“IPRs”).<sup>2</sup> *SAS Institute Inc. v. Iancu* restricted the PTAB’s discretion to pick which challenged claims of a patent it reviews when initiating an America Invents Act (“AIA”) proceeding.<sup>3</sup> Now, when deciding to institute a review, the PTAB cannot pick a subset of challenged claims to review.<sup>4</sup> Instead, the PTAB must either decide to review all of the challenged claims or decline review.<sup>5</sup> Although *SAS* did not decide whether the PTAB must address all grounds (as opposed to claims) raised in a petition for IPR, subsequent guidance from the PTAB makes clear that the PTAB will no longer opt for a subset of grounds for institution.<sup>6</sup> The PTAB’s current policy to institute all petitioned grounds, as well as all petitioned claims, has been reaffirmed by the appellate court as an appropriate approach.<sup>7</sup> This change should broadly affect PTAB proceedings and parallel district court litigation.<sup>8</sup>

*SAS* also affects the petitioner’s estoppel provision of the IPR statute, 35 U.S.C. § 315(e). This provision bars a petitioner who has received a final written decision (“FWD”) in an IPR from raising or asserting in a later litigation or patent review any ground of patentability of a claim that the petitioner “raised or reasonably could have raised during [the earlier] *inter partes* review.”<sup>9</sup> The Federal Circuit’s interpretation of this provision in

2. *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1358–59 (2018).

3. *Id.*

4. *Id.*

5. *Id.*

6. *Guidance on the Impact of SAS on AIA trial proceedings*, U.S. PAT. TRADEMARK OFF. (Apr. 26, 2018), <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial> (last visited Oct. 14, 2018) [hereinafter “April 26 Guidance”] (“As required by the decision, the PTAB will institute as to all claims or none. At this time, if the PTAB institutes a trial, the PTAB will institute on all challenges raised in the petition.”).

7. *PGS Geophysical AS v. Iancu*, 891 F.3d 1354, 1359–60 (Fed. Cir. 2018) (“We will treat claims and grounds the same in considering the *SAS* issues currently before us. In light of *SAS*, the USPTO issued a “Guidance” declaring that the Board will now institute on all claims and all grounds included in a petition if it institutes at all . . . We read [the *SAS* opinion] as interpreting the statute to require a simple yes-or-no institution choice respecting a petition, embracing all challenges included in the petition, and we have seen no basis for a contrary understanding of the statute in light of *SAS*.”) (citing April 26 Guidance, *supra* note 6); *see also Medtronic, Inc. v. Barry*, 891 F.3d 1368, 1371 n.1 (Fed. Cir. 2018) (noting that, following the *SAS* decision and the PTAB guidance, the PTAB will address every ground, in addition to every claim, raised in the petition on remand, and taking no issue with that approach).

8. *See, e.g., Stephen Schreiner & Maxine Graham, PTAB Institution Decisions in the Wake of SAS*, LAW360 (July 12, 2018), <https://www.law360.com/articles/1062336/ptab-institution-decisions-in-the-wake-of-sas>; Matthew Bultman, *Tough Questions Await as PTAB Partial Reviews Get Boot*, LAW360 (Apr. 24, 2018), <https://www.law360.com/articles/1037002>.

9. 35 U.S.C. § 315(e) (2012). 35 U.S.C. § 315(e)(1) covers proceedings before the PTAB while 35 U.S.C. § 315(e)(2) covers proceedings in federal courts and before the ITC.

*Shaw*<sup>10</sup> has been inconsistently interpreted by various district courts and the PTAB.<sup>11</sup> SAS and subsequent PTAB guidance may moot past court splits on estoppel from *non-instituted* claims and grounds—since any IPR reaching a FWD will see all petitioned claims and grounds instituted and addressed. However, uncertainty remains for (1) *non-petitioned* claims and grounds and (2) *petitioned* grounds where the FWD had addressed only a subset of grounds (e.g., instituted prior to SAS or where parties have stipulated to dropping certain grounds) and the decision is subsequently overturned in favor of the patent owner. This article will outline this remaining uncertainty and suggest ways to mitigate it.

## II. JURISDICTIONAL SPLIT IN THE APPLICATION OF ESTOPPEL

In *Shaw*, the Federal Circuit held that the “plain language” of § 315(e) prohibits the application of estoppel to grounds that were included in an IPR petition (“petitioned grounds”) but not instituted, reasoning that an “IPR does not begin until it is instituted,” and thus grounds not instituted were not raised, and could not reasonably have been raised, *during* the IPR proper.<sup>12</sup>

Thus, after *Shaw* many district courts declined to apply § 315(e) estoppel to petitioned but denied grounds, regardless of the reason institution was denied.<sup>13</sup> However, at least one district court, the Eastern District of Texas, estopped an accused infringer from asserting petitioned, non-instituted grounds as later district court invalidity defenses, where such grounds had been rejected by the PTAB on their merits.<sup>14</sup> This court held that non-instituted grounds were only protected from estoppel under *Shaw* when institution was denied for procedural reasons.<sup>15</sup> Thus, district courts

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

11. See Linda A. Wadler, Barbara R. Rudolph & Meredith H. Boerschlein, *IPR Estoppel: Current District Court Trends and Practice Tips*, 30 No. 1 INTELL. PROP. & TECH. L.J. 3 (2018) (discussing the interpretation of *Shaw* by district courts and the PTAB and making practice recommendations prior to the SAS decision); Steven J. Schwarz, Tamatane J. Aga, Kristin M. Adams & Katherine C. Dearing, *Savvy Shaw-ping: A Strategic Approach to AIA Estoppel*, 17 CHI.-KENT J. INTELL. PROP. 67 (2018) (also discussing the interpretation of *Shaw* by district courts and the PTAB and making practice recommendations prior to the SAS decision); Andrew Moshirnia, *I Fought the Shaw: A Game Theory Framework and Approach to the District Courts’ Struggle with IPR Estoppel*, 17 CHI.-KENT J. INTELL. PROP. 411 (2018) (discussing the interpretation of *Shaw* by district courts and the PTAB and suggesting hypothetical trends to test).

12. *Shaw Indus. Grp.*, 817 F.3d at 1300.

13. See, e.g., *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 271 F. Supp. 3d 990, 1028–29 (E.D. Wis. 2017) (discussing holdings from different district courts regarding the application of estoppel to non-instituted grounds); see also Moshirnia, *supra* note 12, at 417.

14. *Biscotti Inc. v. Microsoft Corp.*, No. 2-13-cv-01015-JRG-RSP, 2017 WL 2526231, at \*7 (E.D. Tex. May 11, 2017).

15. *Id.*

disagreed on the meaning of *Shaw*, and the state of estoppel, for petitioned but non-instituted claims and grounds.

That conflict is now moot. SAS eliminated the possibility of proceedings and a FWD on only some of the petitioned claims. Following SAS, PTAB policy, affirmed by the Federal Circuit, has eliminated the possibility of proceedings and FWD on a subset of petitioned grounds.<sup>16</sup> And even standing alone, SAS may contribute to resolving significant jurisdictional disagreements regarding the application of estoppel to non-petitioned grounds. While district courts and the PTAB had in the past split as to how to interpret *Shaw* regarding non-petitioned grounds, a recent district court opinion from the District of Massachusetts concluded that SAS implied that “reasonably could have [been] raised” would have to refer to non-petitioned grounds, as otherwise, the words “reasonably could have [been] raised” would have no meaning.<sup>17</sup>

#### A. Cases finding no estoppel to non-petitioned grounds

Before SAS several district courts, including the District of Delaware, the District of Massachusetts, and the Northern District of California, read *Shaw* as narrowly circumscribing petitioner’s estoppel only to grounds that were actually raised *during* an IPR (*i.e.*, after institution), and declined to apply petitioner estoppel to any grounds not put forward in the original IPR petition.

A District of Delaware court was the first to apply *Shaw*. In *Intellectual Ventures I LLC v. Toshiba Corp.*, patent owner Intellectual Ventures moved for summary judgment to prevent accused infringer Toshiba from raising invalidity challenges against a patent previously challenged by Toshiba in an instituted IPR that resulted in an unsuccessful FWD.<sup>18</sup> Intellectual Ventures argued that invalidity grounds based on publicly available patents and printed publications not cited in the IPR petition should be estopped because these references reasonably could have been raised, *i.e.*, included in the petition.<sup>19</sup> While the district court acknowledged that Intellectual Venture’s argument was “perfectly plausible” in that “additional obviousness grounds based on public

16. See *supra* notes 7–8 and accompanying text; SAS Inst. Inc. v. Iancu, 138 S. Ct. 1348, 1358–59 (2018).

17. SiOnyx, LLC v. Hamamatsu Photonics K.K., No. 15:13488-FDS, 2018 WL 4177941, at \*19 (D. Mass. Aug. 30, 2018).

18. Intellectual Ventures I LLC v. Toshiba Corp., 221 F. Supp. 3d 534, 553–54 (D. Del. 2016).

19. *Id.* Not all forms of prior art may be asserted in an IPR; only printed publications and prior-art patents are permitted. 35 U.S.C. § 311(b) (2012).

documents” could have been raised “at the outset of [the] IPR petition,” the district court stated that the Federal Circuit construed § 315(e) “quite literally” in *Shaw* when it determined that a ground petitioned but not instituted had not been raised *during* the IPR (*i.e.*, after institution), and was thus not estopped.<sup>20</sup> Thus, Judge Robinson, in one of her last major cases before announcing her retirement, begrudgingly denied summary judgment for Intellectual Ventures because she could not “divine a reasoned way around the Federal Circuit’s decision in *Shaw*,” which required restricting § 315(e) estoppel to grounds raised or raisable *during* an IPR (as opposed to raised or raisable in a petition) despite her opinion that this interpretation “confounds the very purpose” of IPRs.<sup>21</sup> The shielding of non-petitioned grounds from estoppel resulting from this reading of *Shaw* provides significant protection and flexibility for patent challengers engaged in both IPR and district court proceedings.

Since then, at least two other district courts similarly read *Shaw* as preventing the application of estoppel to non-petitioned grounds. In *Finjan, Inc. v. Blue Coat Systems, LLC*, a Northern District of California court stated that it would follow the Delaware court’s interpretation of *Shaw* and would limit estoppel to the “precise combinations” of unpatentability on which an IPR was instituted.<sup>22</sup> A District of Massachusetts court similarly considered itself bound by *Shaw* not to apply estoppel to non-petitioned grounds despite acknowledging there was “much appeal” in a reading of § 315(e) that would encompass grounds that could have been, but were not, raised in a prior petition for IPR.<sup>23</sup>

In district courts reading *Shaw* this way, patent challengers might thus benefit from being able to assert any non-petitioned grounds in later district court proceedings, even if these grounds could have been presented in the prior IPR petition. Thus, these districts could be disfavored venues for patent assertors seeking rigorous application of estoppel over prior PTAB challenges. Were this reading of *Shaw* to control, it would reduce the pressure on petitioners to raise all possible patentability grounds when petitioning for IPR.

20. *Intellectual Ventures I*, 221 F. Supp. 3d at 553.

21. *Id.* at 554.

22. *Finjan, Inc. v. Blue Coat Sys., LLC*, 283 F. Supp. 3d 839, 856 (N.D. Cal. 2017).

23. *Koninklijke Philips N.V. v. Wangs Alliance. Corp.*, No. CV 14-12298-DJC, 2018 WL 283893, at \*4 (D. Mass. Jan. 2, 2018) (denying summary judgment that invalidity contentions not raised in the accused infringer’s IPR petition were estopped).

### B. Cases finding estoppel did apply to non-petitioned grounds

In contrast to the strict application of *Shaw* by some district courts, the PTAB has broadly applied § 315(e) estoppel to all petitioned and even non-petitioned grounds, generally applying a flexible standard of “reasonably could have been raised during the inter partes review” that includes non-petitioned grounds based on “prior art which a skilled searcher conducting a diligent search reasonably could have been expected to discover.”<sup>24</sup> While this position finds support in the AIA’s legislative history, it appears to disregard the Federal Circuit’s position in *Shaw* that § 315(e)’s language “during [an] inter partes review” refers to the post-institution phase of an IPR, and thus that estoppel applies only to grounds raised (or reasonably raisable) during an instituted IPR proceeding (as opposed to in a petition).<sup>25</sup> Several district courts have followed this broader reading of *Shaw*, allowing for application of estoppel to non-petitioned grounds.

The Western District of Wisconsin provided one of the earliest district court opinions declining to apply *Shaw* to all non-petitioned grounds, finding such grounds estopped. In *Douglas Dynamics, LLC v. Meyer Products LLC*, after unsuccessfully challenging a patent in an IPR that resulted in a FWD, the accused infringer, Meyer, raised invalidity contentions in litigation against the patent owner, Douglas.<sup>26</sup> Meyer asserted all of the grounds and claims it had previously included in its petition for the IPR (that were then denied institution) as well as new grounds based on two additional printed publication prior art references.<sup>27</sup>

In holding that Meyer was estopped from asserting the new grounds (but *not* the previously petitioned grounds), the district court reasoned that “*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” that reasonably could have been raised.<sup>28</sup> Allowing a petitioner to assert new non-petitioned grounds that could reasonably have been raised would transform an IPR into “an additional

24. See, e.g., *Apotex Inc. v. Wyeth LLC*, No. IPR2015-00873, Paper 8 at 6 (P.T.A.B. Sept. 16, 2015) (decision issued pre-*Shaw*, but outlining standards followed post-*Shaw*); *Praxair Distrib., Inc. v. INO Therapeutics LLC*, No. IPR2016-00781, Paper 10 at 7 (P.T.A.B. Aug. 25, 2016); *Great West Cas. Co. v. Intellectual Ventures II LLC*, No. IPR2016-01534, Paper 13 at 11–15 (P.T.A.B. Feb. 15, 2017).

25. *Apotex*, No. IPR2015-00873, at 6 (quoting 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011)) (statement of Sen. Grassley); *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016).

26. *Douglas Dynamics, LLC v. Meyer Products LLC*, No. 14-cv-886-JDP, 2017 WL 1382556, at \*2 (W.D. Wis. Apr. 18, 2017).

27. *Id.*

28. *Id.* at \*4.

step” of litigating patentability prior to doing so in the district court instead of an “alternative” and would enable a defendant to “hold a second-string invalidity case in reserve in case the IPR does not go defendant’s way.”<sup>29</sup> Explicitly disagreeing with the *Shaw* interpretation of “during” and also suggesting *Shaw*’s procedural posture was distinguishable, the district court stated that “until *Shaw* is limited or reconsidered” it would not apply estoppel to non-instituted grounds, but *would* estop “grounds not asserted in the IPR petition, so long as they are based on prior art that could have been found by a skilled searcher’s diligent search.”<sup>30</sup> The court’s decision in *Douglas* thus served as an early example of an accused infringer having non-petitioned grounds denied later consideration.

Other district courts have similarly concluded that declining to apply estoppel to some non-petitioned grounds while applying it to grounds actually raised but denied was counterintuitive, would frustrate the purpose of AIA reviews, and was not required by *Shaw*. An Eastern District of Texas court came to this conclusion in *Biscotti Inc. v. Microsoft Corp.*, stating that accused infringers are estopped from asserting at trial “grounds not included in a petition that a ‘skilled searcher conducting a diligent search reasonably could have been expected to discover.’”<sup>31</sup> Several additional district courts have reached similar conclusions, including the Eastern District of Virginia,<sup>32</sup> the Eastern District of Wisconsin,<sup>33</sup> the Northern District of Illinois,<sup>34</sup> and the District of Delaware (albeit with a judge sitting by designation).<sup>35</sup>

29. *Id.*

30. *Id.* at \*5.

31. *Biscotti Inc. v. Microsoft Corp.*, No. 2:13-cv-01015-JRG-RSP, 2017 WL 2526231, at \*7 (E.D. Tex. May 11, 2017).

32. *See Cobalt Boats, LLC v. Sea Ray Boats, Inc.*, No. 2:15cv21, 2017 WL 2605977, at \*3 (E.D. Va. June 5, 2017) (“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. The court in *Shaw* was only making observations in dicta, and it had no occasion to consider restricting estoppel in the manner that other districts have interpreted it. Furthermore, the broad reading of *Shaw* renders the IPR estoppel provisions essentially meaningless because parties may pursue two rounds of invalidity arguments as long as they carefully craft their IPR petition. 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. The Court’s reading of *Shaw* gives effect to every word in the statute while also recognizing the effect of the USPTO’s decision on an IPR petition.”).

33. *See Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 271 F. Supp. 3d 990, 1031–33 (E.D. Wis. 2017) (applying petitioner’s estoppel to non-petitioned grounds based on references included in IPR or on references that patent owner demonstrated were readily available through reasonably diligent search).

34. *See Oil-Dri Corp. of Am. v. Nestle Purina Petcare Co.*, No. 15-CV-1067, 2017 WL 3278915, at \*9 (N.D. Ill. Aug. 2, 2017) (finding no Federal Circuit guidance directly on point as to whether § 315(e) applies to non-petitioned ground, but concluding that “§ 315(e) applies to nonpetitioned grounds

A recent decision suggests that this reading of *Shaw* could be adopted broadly in view of the *SAS* holding. In *SiOnyx LLC v. Hamamatsu Photonics K.K.*, a District of Massachusetts court considered the question of grounds and claims that reasonably could have been raised in a petition, but were not, and suggested they should be estopped.<sup>36</sup> The court acknowledged that “[p]rior to *SAS*, a minority of district courts had held that only grounds actually raised in the petition could count as grounds that ‘reasonably could have been raised,’” but the court offered that “[a]fter *SAS*, that cannot be correct.”<sup>37</sup> According to the court, because there will no longer be such a thing as a petitioned, non-instituted ground in IPRs leading to FWDs after *SAS*, the words “reasonably could have raised” in § 315(e) now “must refer to grounds that were not actually in the IPR petition, but reasonably could have been included” in order for them to have any meaning at all.<sup>38</sup> The court then acknowledged the interpretation of “reasonably could have raised” as including “any patent or printed publication that a petitioner actually knew about or that ‘a skilled searcher conducting a diligent search reasonably could have been expected to discover’” as having been adopted by several district courts. However, the court declined to apply estoppel at the summary judgment phase because a genuine question of fact existed “as to whether a diligent, skilled searcher would have found” the reference in question.<sup>39</sup>

Whether *SAS* indeed resolves the jurisdictional split as to the estoppel of non-petitioned grounds that reasonably could have been raised in the petition will be a question for PTAB practitioners to follow closely in the coming months.

### III. DEFINING PETITIONED GROUNDS

If *Shaw* is read in a manner that exempts non-petitioned grounds from estoppel, a second question is raised—what defines “petitioned” grounds? Do subsets or combinations of prior art references relied on in a petition

with respect to patent claims for which the PTAB issued a final written decision” after considering plain language of statute, opinions of other district courts, purpose of IPRs, fairness, and due process).

35. See *Parallel Networks Licensing, LLC v. Int’l Bus. Machs. Corp.*, No. 13-2072 (KAJ), 2017 WL 1045912, at \*11–12 (D. Del. Feb. 22, 2017) *appeal dismissed*, No. 2017-2042, 2017 WL 5897705 (Fed. Cir. Sept. 20, 2017), *aff’d*, 721 F. App’x 994 (Fed. Cir. 2018) (J. Jordan, Circuit judge sitting by designation) (applying estoppel to grounds that accused infringer had incorporated as invalidity contentions and included in expert reports in court proceedings prior to IPR).

36. *SiOnyx, LLC v. Hamamatsu Photonics K.K.*, No. 15:13488-FDS, 2018 WL 4177941, at \*19 (D. Mass. Aug. 30, 2018).

37. *Id.*

38. *Id.*

39. *Id.* at \*19–20.

count as “petitioned grounds”? Or new grounds? In this way, these can be seen as “closer cases” for the application of estoppel than grounds based on different prior art. For example, while the Northern District of California has declined to apply estoppel to non-petitioned grounds,<sup>40</sup> decisions from this district have treated some subsets of larger combinations of prior art references included in an instituted IPR challenge as equivalent to the instituted grounds.<sup>41</sup>

In *Advanced Micro Devices, Inc. v. LG Electronics, Inc.*, a district court litigation was stayed pending resolution of IPRs requested by the accused infringer, LG.<sup>42</sup> After the PTAB upheld the patentability of one of the challenged claims in view of two asserted combinations of references, (using the court’s shorthand) *Lindholm* in view of *Kurihara* and *Rich* in view of *Kurihara*, the district court held that LG was also estopped from asserting invalidity on the basis of *Lindholm* or *Rich* as stand-alone references.<sup>43</sup> Thus, even in districts where patent challengers may ostensibly raise non-petitioned grounds without fear of estoppel, they may face limitations on what grounds they may raise, with some combination grounds not expressly detailed in their petition still being considered “petitioned” if based solely on unasserted combinations or subsets of prior art found in the petition.

Some courts may treat individual references differently despite generally estopping subsets of previously asserted references. In *Oil-Dri Corp. of America v. Nestle Purina Petcare Co.*, a court in the Northern District of Illinois held the accused infringer, Purina, was not estopped from raising invalidity arguments based on individual prior art references previously considered in a FWD.<sup>44</sup> The court reasoned that obviousness based on a combination may be rejected by the PTAB based on insufficient articulation of a motivation to combine.<sup>45</sup> The court also considered the procedural posture, where the PTAB explicitly excluded an analysis of either prior art reference alone from its decision.<sup>46</sup> Such an approach may

40. See *Finjan, Inc. v. Blue Coat Sys., LLC*, 283 F. Supp. 3d 839, 856 (N.D. Cal. 2017).

41. *Advanced Micro Devices, Inc. v. LG Elecs., Inc.*, No. 14-cv-01012-SI, 2017 WL 2774339, at \*6 (N.D. Cal. June 26, 2017).

42. *Id.* at \*1.

43. *Id.* at \*6; see also *Biscotti Inc. v. Microsoft Corp.*, No. 2:13-cv-01015-JRG-RSP, 2017 WL 2526231, at \*8 (E.D. Tex. May 11, 2017) (recommending that combination of “Kenoyer” and “Briere” references be estopped because the PTAB instituted and rejected a challenge based on the combination of the Kenoyer, Briere, and “Hurley” references) (note that *Biscotti* does not read *Shaw* as preventing application of estoppel to non-petitioned grounds).

44. *Oil-Dri Corp. of Am. v. Nestle Purina Petcare Co.*, No. 15-cv-1067, 2017 WL 3278915, at \*5–6 (N.D. Ill. Aug. 2, 2017).

45. *Id.* at \*6.

46. *Id.*

provide additional options for patent challengers after an unsuccessful IPR but may have limited applicability, as the district court also noted that here, the PTAB had “explicitly considered in its final written decision” whether the individual references were “properly before it” and concluded that they were not.<sup>47</sup>

Subsets of references previously included in petitions may also be asserted as novel, non-petitioned grounds when raised in combination with prior art not previously included. In *Advanced Micro Devices* the patent owner, Advanced Micro Devices, sought to exclude the Kurihara reference, included in two combinations considered and rejected by the PTAB, in its entirety.<sup>48</sup> While the district court ruled that LG was barred from asserting any subsets of previously asserted combinations, it found that IPR estoppel does not “effect a bar to LG’s assertion of *all* combinations including [the reference] . . .”<sup>49</sup> Thus, patent challengers may rely on prior art previously asserted in an IPR, so long as this art is asserted in combination with additional references, that either could not have been raised previously (in districts applying estoppel to non-petitioned grounds) or were not raised previously (in districts declining to apply estoppel to non-petitioned grounds).

Clearly, the nuances of estoppel after *Shaw* dictate careful study of the cases that came both before and after *SAS*.

#### IV. PETITIONED GROUNDS INSTITUTED BUT NOT RELIED ON IN THE FINAL WRITTEN DECISION

In a recent decision contending with the *SAS* transition, the Federal Circuit set out, in an aside, a “distinct question”: “whether, after instituting on the entire petition” the PTAB may issue a FWD in which it “decide[s] the merits of certain challenges and then find others moot.”<sup>50</sup> This remark alludes to the possibility of some instituted grounds being considered moot and left “undecided” in a FWD, but being “subject to revival if appellate review of the decided challenges renders the undecided ones no longer moot.”<sup>51</sup>

47. *Id.* at \*5.

48. *Advanced Micro Devices, Inc. v. LG Elecs., Inc.*, No. 14-cv-01012-SI, 2017 WL 2774339, at \*6 (N.D. Cal. June 26, 2017).

49. *Id.*; *see also Biscotti Inc. v. Microsoft Corp.*, No. 2:13-cv-01015-JRG-RSP, 2017 WL 2526231, at \*8 (E.D. Tex. May 11, 2017) (estoppel holding “extends only to *subsets* of . . . grounds”) (emphasis in original).

50. *PGS Geophysical AS v. Iancu*, 891 F.3d 1354, 1360 (Fed. Cir. 2018).

51. *Id.* Practitioners have noted that since the *SAS* decision, some decisions instituting review have failed to analyze all claims and all grounds, despite instituting on all claims and grounds. It remains to

In this situation, there is some potential for disagreement over whether the undecided grounds would be subject to § 315(e) estoppel. If the PTAB is permitted to treat some challenges as moot in drafting FWDs that find the patent unpatentable on other grounds, uncertainty may arise if the decided grounds are vacated and remanded on appeal without Federal Circuit comment on the undecided grounds. District courts might then disagree as to whether a valid FWD exists for the undecided grounds, and thus whether any estoppel applies. And it is likewise unclear how the Courts will treat grounds that were instituted but stipulated to by the parties.

## V. RECOMMENDATIONS

In light of persisting uncertainty regarding the application of estoppel to non-petitioned grounds, petitioners can take proactive steps:

- Be deliberate about which claims and grounds to include in a petition;
- Assert non-printed publication prior art in subsequent non-IPR proceedings.

### A. *Be deliberate about which claims and grounds to include in a petition*

Recent PTAB orders in the context of a covered business method and IPR review suggest that avoiding estoppel does not provide the “good cause” required to allow a petitioner to withdraw grounds from consideration after institution.<sup>52</sup> Thus, given the post-SAS PTAB Guidance to institute either all petitioned claims and grounds or none, petitioners should carefully consider which references are included in a petition. If litigation is likely to take place in a jurisdiction not applying estoppel to non-petitioned grounds, it is better to focus on the strongest grounds rather than load a petition with alternative grounds. For jurisdictions applying estoppel to non-petitioned grounds (the majority position, and potentially the consensus position after SAS), consider raising alternative grounds in a second petition. Under *Shaw*, these grounds should be shielded from estoppel if no review is instituted on that second petition. The post-SAS

be seen if such a “gap between the institution analysis and the challenges presented in the petition” will impact final written decisions and whether some grounds, while instituted, might be considered moot. Schreiner & Graham, *supra* note 9.

52. Dish Network Corp. v. Customedia Techs., No. CBM2017-00019, Paper 50 at 2 (P.T.A.B. May 16, 2018); Instrumentation Lab. Co. v. Hemosonics, LLC, No. IPR2017-00855, Paper 43 at 8 (P.T.A.B. July 11, 2018).

PTAB Guidance does not require institution on all of the multiple petitions directed to the same patent just because the ground in another petition challenging the same patent are instituted.

*B. In subsequent non-IPR proceedings, assert non-printed publication prior art*

Non-printed publication prior art (e.g., physical specimens, evidence of prior sales or public uses) may be particularly valuable invalidity grounds in proceedings following a FWD. Even when such art is somewhat connected to printed publications that were, or could have been, raised, in the IPR, courts have applied a stringent standard against extending estoppel to such non-printed publication prior art. In *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, the accused infringer Snap-On was permitted to rely on several non-printed publication prior art references (physical specimens and videos). The court found these references exempt from estoppel because it was not clear that Snap-On could have been expected to locate printed publications associated with the physical devices and videos in its possession.<sup>53</sup> In another case, *ZitoVault LLC v. International Business Machines Corporation*, the patent owner, ZitoVault, argued that the accused infringer, IBM, should not be able to “avoid statutory estoppel simply by relying on a system where all of the teachings of the system also exist in patents or printed publications because [those patent or printed publications] reasonably could have been raised during the IPR.”<sup>54</sup> The district court rejected this argument on the simple basis that systems are excluded as prior art from IPR proceedings and that arguments attempting to link systems to printed publication have consistently failed.<sup>55</sup> Other district courts have come to similar conclusions.<sup>56</sup>

53. *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 271 F. Supp. 3d 990, 1032–33 (E.D. Wis. 2017).

54. *ZitoVault LLC v. Int’l Bus. Machs. Corp.*, No. 3:16-cv-0962-M, 2018 WL 2971178, at \*4 (N.D. Tex. Apr. 4, 2018).

55. *Id.*

56. *See, e.g., Depomed, Inc. v. Purdue Pharma L.P.*, No. CV 13-571 (MLC), 2016 WL 8677317, at \*6 (D.N.J. Nov. 4, 2016) (on-sale bar and § 102(g) defenses not estopped because they could not have been raised during IPRs due to scope limit of IPRs to § 102 and § 103 grounds based on printed publications); *Intellectual Ventures II LLC v. Kemper Corp.*, No. 6:16-CV-0081, 2016 WL 7634422, at \*3 (E.D. Tex. Nov. 7, 2016) (discussing scope of statutory estoppel in context of whether IPR will simplify issues before the court and noting that “defendants have considerable latitude in using prior art systems (for example, software) embodying the same patents or printed publications placed before the USPTO in IPR proceedings.”).

## VI. CONCLUSION

By changing how the PTAB institutes AIA petitions, the Supreme Court's decision in *SAS* should eliminate aspects of the post-*Shaw* uncertainty regarding the scope of petitioner's estoppel and may even resolve some of the most significant disagreements between district courts' applications of *Shaw* as to whether non-petitioned grounds are subject to estoppel. Still, until more district courts take up this question, or until the Federal Circuit revisits *Shaw* in light of *SAS*, uncertainty regarding the estoppel effects of AIA reviews remains. Careful consideration should be given to estoppel effects when crafting petitions and selecting prior art to be asserted.