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# *Estoppel and the Aftershocks of SAS Institute*

## Speakers:

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# What will we cover this afternoon?

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- AIA provisions
- PTAB rules
- Federal Circuit decisions
- Supreme Court decision in *SAS Institute v. Iancu*
- Impacts and strategies

# What do the AIA provisions on IPR estoppel say?

- **35 U.S.C. § 315(e)(1):** “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)...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):** 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)...may not assert either in a civil action ... 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.”

# What do the AIA provisions on PGR estoppel say?

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- **35 U.S.C. § 325(e)(1):** “The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a)...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 post-grant review.”
- **35 U.S.C. § 325(e)(2):** The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a)...may not assert either in a civil action ... 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 post-grant review.”

# What does the PTAB rule on estoppel say?

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- **37 C.F.R. § 42.73(d)**: Estoppel. (1) Petitioner other than in derivation proceeding. A petitioner, or the real party in interest or privy of the petitioner, is estopped in the Office from requesting or maintaining a proceeding with respect to a claim for which it has obtained a final written decision on patentability in an inter partes review, post-grant review, or a covered business method patent review, on any ground that the petitioner raised or reasonably could have raised during the trial, except that estoppel shall not apply to a petitioner, or to the real party in interest or privy of the petitioner who has settled under 35 U.S.C. 317 or 327.

- Estoppel arises from a Final Written Decision – not before
- Estoppel applies on a claim-by-claim basis
- Estoppel has a broader scope after a PGR trial than after an IPR trial

# What do the AIA provisions concerning Final Written Decisions say?

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- Identical language
  - 35 U.S.C. § 318(a) – Inter Partes Review
  - 35 U.S.C. § 328(a) – Post Grant Review
  - “If a [trial] is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added . . .”

## How does “traditional” collateral estoppel impact the parties’ rights?

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We note that the collateral-estoppel effect of an administrative decision of unpatentability generally requires the invalidation of related claims that present identical issues of patentability. In *Ohio Willow Wood Co. v. Alps South, LLC*, 735 F.3d 1333, 1342 (Fed. Cir. 2013), we pointed out that "precedent does not limit collateral estoppel to patent claims that are identical.... *If the differences between the unadjudicated patent claims and adjudicated patent claims do not materially alter the question of invalidity, collateral estoppel applies.*" See also *Soverain*, 778 F.3d at 1315; *Bourns, Inc. v. United States*, 537 F.2d 486, 493 (Ct. Cl. 1976) (per curiam).

*Maxlinear, Inc. v. CF Crespe LLC*, 880 F.3d 1373, 1377 (Fed.Cir. 2018) (citations omitted)



- At the Board:
  - Trial instituted on less than all grounds in the petition
  - **§ 42.108 Institution of *inter partes* review.**
  - When instituting *inter partes* review, the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.
- At the Federal Circuit:
  - “[an] IPR does not begin until it is instituted.”
  - Non-instituted grounds are not addressed during the IPR and are not subject to estoppel under Section 315(a)

- What happened at the Board?
  - SAS sought inter partes review of all 16 claims of the patent
  - The Board instituted review only on claims 1 and 3-10.
  - The Final Written Decision addressed only claims 1 and 3-10.
- At the Federal Circuit?
  - SAS challenged the Board's authority to issue partial institutions
  - Result: Affirmed

- What happened in the Supreme Court?
  - The Board lacked authority to institute as to fewer than all challenged claims
  - “When the USPTO institutes an inter partes review, it must decide the patentability of all of the claims the petitioner challenged [in the petition]” based on the plain text of § 318(a).

# What happened at the Board after SAS?

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- Institution on all claims AND all grounds – binary decision
- The Board's Guidance: <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial>

# What happened at the Board after SAS?

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- Statutory discretion:
  - § 314. Institution of inter partes review
    - (a) THRESHOLD.—The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.
- *Deeper, UAB v. Vexilar, Inc.*, IPR2018-01310 (Paper 7, January 24, 2019)
  - petition challenged 23 claims on numerous grounds;
  - likelihood of prevailing as to only 2 claims on one ground
  - Institution denied.

# What happened at the Federal Circuit after SAS?

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- *PGS Geophysical AS v Iancu*, 891 F.3d 1354 (Fed.Cir. 2018) (no *sua sponte* “SAS-based relief”)
- *BioDelivery v Acquestive*, 898 F.3d 1205 (Fed.Cir. 2018) (no waiver of right to remand for review on non-instituted grounds)
- *Eli Lilly v L.A. Biomedical*, (Order, October 17, 2018, Fed.Cir. 2018) (remand to ensure certainty as to scope of estoppel)

# How does the potential for estoppel drive decision-making?

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- For prospective Petitioner?
  - Challenge only claims asserted in infringement litigation?
  - Use the PTAB as a freedom-to-operate tool?
- For Patent Owner contemplating infringement suit?
  - What effect on choosing claims to assert?
  - “IPR-proof” the patent?

# Other impacts of the SAS decision on post grant strategies

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- For petitioners
  - When should a petition be filed?
  - When should multiple petitions be filed?
  - What’s the impact on the number of grounds to assert?
  - Is there an incentive for *ex parte* reexamination as an alternative?
- For patent owners
  - When should a Patent Owner Preliminary Response be filed?
  - When should claim construction issues be addressed?
  - Is there an incentive for *ex parte* reexamination to “IPR-proof” an important patent?



# Impact of local district court practice

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- *Douglas Dynamics, LLC v. Meyer Prods. LLC*, No. 14-cv-886-jdp, 2017 WL 1382556 (W.D. Wis. Apr. 18, 2017), reconsideration granted in part on other grounds, No. 14-CV-886-JDP, 2017 WL 2116714 (W.D. Wis. May 15, 2017).
- *American Technical Ceramics Corp. v. Presidio Components, Inc.*, No. 14-CV-6544 (KAM) (GRB) (Order, January 30, 2019, E.D.N.Y.)

# The spill-over: does *Maxlinear* drive decision-making?

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- Impact on other claims in the challenged patent?
- Impact on claims in related patents?
- Does estoppel in district court reach publicly-available products or methods that were described in a printed publication on which a Final Written Decision was based?

# How does 35 U.S.C. § 325(d) impact decision-making?

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- Does § 325(d) incentivize collaboration among joint infringement defendants?
- What's the impact of a prior *ex parte* reexamination proceeding?

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# *Questions?*

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