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## SAVVY SHAW-PING: A STRATEGIC APPROACH TO AIA ESTOPPEL

STEVEN J. SCHWARZ, TAMATANE J. AGA, KRISTIN M. ADAMS &  
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### INTRODUCTION

The America Invents Act (AIA) was signed into law in 2011 and made sweeping changes to the U.S. patent laws, including the introduction of two new permanent proceedings to determine patentability of claims in granted patents: *Inter Partes* Review (IPR) and Post Grant Review (PGR).<sup>1</sup> IPR and PGR, referred to collectively herein as “AIA Trials,” were created “to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs” and “to create a timely, cost-effective alternative to litigation.”<sup>2</sup> These proceedings occur before the Patent Trial and Appeal Board (PTAB) and are adversarial in nature between the patent owner and a party petitioning for review of the patent claims.<sup>3</sup> But AIA Trials are not without potential trade-offs for petitioners: they risk estoppel of certain invalidity grounds in subsequent proceedings.

This Article will begin by addressing the mechanics of estoppel within AIA Trials. It will next provide a review of case law demonstrating the ways that the Federal Circuit, district courts, and the PTAB have interpreted these provisions. The Article will conclude with recommendations for practitioners in applying the lessons learned from these tribunals regarding the application of statutory estoppel under the AIA.

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1. *See generally* Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,679–80, 48,687–93 (Aug. 14, 2012) (to be codified at 37 C.F.R. §§ 42.100–.108, .120–.123, .200–.208, .220–.224, .300, .302–.304).

2. *Id.* at 48,680.

3. *See id.* at 48,687–93.

## I. MECHANICS OF ESTOPPEL

AIA Trials proceed in two stages at the PTAB.<sup>4</sup> In the first phase, the PTAB determines whether to institute the review.<sup>5</sup> If instituted, a second phase occurs, referred to as a “trial,” in which the PTAB conducts the review proceeding and issues a final written decision.<sup>6</sup> The final written decision invokes the estoppel provisions of the AIA.<sup>7</sup> For the unsuccessful petitioner, this can severely limit the invalidity challenges available during subsequent proceedings in the district court or International Trade Commission.

The estoppel provisions for AIA trials, referred to herein as “AIA Estoppel,” are provided by 35 U.S.C. §§ 315 and 325, for IPR and PGR, respectively.<sup>8</sup> AIA Estoppel applies against Petitioners in subsequent proceedings in federal district courts, the PTAB, and the International Trade

4. *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1272 (Fed. Cir. 2015), *aff’d*, *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016).

5. *Id.*

6. *See id.* at 1272, 1278, 1289.

7. 35 U.S.C. §§ 315(e), 325(e) (2012).

8. Section 315(e) provides:

### ESTOPPEL.—

(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.

(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. 35 U.S.C. § 315(e) (2014).

Section 325(e) provides:

### ESTOPPEL.—

(1) PROCEEDINGS BEFORE THE OFFICE.—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), 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 post-grant review.

(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—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), 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

Commission.<sup>9</sup> Generally, when an IPR or PGR results in a final written decision, any petitioner, real party in interest, or privy of the petitioner is estopped from any ground that the petitioner raised or reasonably could have raised during that review.<sup>10</sup> The legislative history suggests that AIA Estoppel would help ensure that AIA trials would be a substitute for corresponding portions of the civil litigation, such as invalidity proceedings in federal district courts and the International Trade Commission.<sup>11</sup>

It is clear from the statutory provisions that AIA Estoppel attaches only when the IPR or PGR results in a final written decision issued by the PTAB.<sup>12</sup> Estoppel is analyzed on a claim-by-claim basis.<sup>13</sup> Accordingly, when a final written decision does not address a particular patent claim, no AIA Estoppel attaches as to that claim.<sup>14</sup> AIA Estoppel applies in the PTAB as well as the district courts and International Trade Commission.<sup>15</sup>

## II. APPLYING AIA ESTOPPEL

A number of Federal Circuit decisions serve as guideposts for construing the application of AIA Estoppel. In *Shaw Indus. Group, Inc. v. Automated Creel Sys., Inc.*, the Federal Circuit focused on the meaning of the phrase “raised or reasonably could have raised *during* that inter partes review” found in 35 U.S.C. § 315(e).<sup>16</sup> The court found that “IPR does not begin until it is instituted.”<sup>17</sup> Accordingly, only those grounds that the Petitioner raised or reasonably could have raised *after* the PTAB’s institution decision are subject to AIA Estoppel.<sup>18</sup> In *Shaw*, the grounds of unpatenta-

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 post-grant review. 35 U.S.C. § 325(e) (2015).

9. See 35 U.S.C. §§ 315(e), 325(e).

10. See *id.*

11. See, e.g., 157 CONG. REC. S1368-80, at S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Jon Kyl) (“[E]xtending could-have-raised estoppel to privies will help ensure that if 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.”).

12. See 35 U.S.C. §§ 315(e), 325(e).

13. *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1052–53 (Fed. Cir. 2017).

14. *Id.*

15. *Emerson Elec. Co. v. IP Co.*, IPR2017-00252, Paper 7 at 6–9 (P.T.A.B. May 31, 2017).

16. 817 F.3d 1293, 1300 (Fed. Cir. 2016) (quoting § 315(e)) (emphasis in original), *cert. denied*, 137 S. Ct. 374 (2016).

17. *Id.*

18. *Id.*

bility at issue were denied institution by the PTAB because they were redundant with other grounds of unpatentability on which review was instituted.<sup>19</sup> Accordingly, the court held, for the redundant grounds of unpatentability on which the PTAB declined to institute review, AIA Estoppel did not apply because the Petitioner could not have reasonably raised those grounds—since they were denied institution by the PTAB—during that *inter partes* review.<sup>20</sup> Another decision shortly afterward, *HP Inc. v. MPHJ Tech. Invs., LLC*, came to the same conclusion: grounds that were denied review and, therefore, could not have been raised during the IPR, are not estopped.<sup>21</sup>

In *Credit Acceptance Corp. v. Westlake Servs.*, the Federal Circuit applied this same reasoning to the parallel provision in 35 U.S.C. § 325(e)(1), holding that AIA Estoppel does not apply in a subsequent AIA Trial proceeding to grounds of unpatentability upon which the Board declined to institute review in a previous PGR.<sup>22</sup> This “declined to institute review” exception to AIA Estoppel has, however, not been uniformly applied by the district courts.

Generally, in the cases where the district courts and the PTAB have analyzed the application of AIA Estoppel and its exceptions, the analysis has depended upon which of the following three types of prior AIA Trial decision is alleged to raise the estoppel:

- (1) the prior art was used as a basis for grounds of unpatentability and the PTAB issued a final written decision;<sup>23</sup>

19. *Id.* at 1297–99.

20. *Id.* at 1300.

21. 817 F.3d 1339, 1347 (Fed. Cir. 2016).

22. 859 F.3d 1044, 1052 (Fed. Cir. 2017) (“Because a final written decision does not determine the patentability of non-instituted claims, it follows that estoppel does not apply to those non-instituted claims in future proceedings before the PTO.”); *see also id.* at 1053 (citing *Shaw Industries* for the same proposition in the IPR context). Note that *Credit Acceptance* involved the scope of estoppel from a covered business method (CBM) review upon a subsequent proceeding before the PTO, so the provisions of § 325(e)(1), which are materially identical to the provisions of § 315(e)(1), applied. Had *Credit Acceptance* involved estoppel upon a subsequent *court* proceeding, *Shaw* would not have controlled its result, because the prior CBM was a “transitional” proceeding, available on a temporary basis, which raises more limited estoppel against *court* proceedings than the non-transitional proceedings like IPRs and post-grant reviews. Compare 35 U.S.C. § 325(e)(2) (2011) (non-transitional post-grant reviews), with Leahy-Smith America Invests Act, Pub. L. No. 112-29, § 18(a)(1)(A), (D), 125 Stat. 330 (transitional post-grant reviews).

23. *E.g.*, *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. 12-CV-05501-SI, 2017 WL 235048, at \*4 (N.D. Cal. Jan. 19, 2017); *Ford Motor Co. v. Paice, LLC*, IPR2015-00758, Paper 28 at \*7–8 (P.T.A.B. Nov. 8, 2016), *aff’d*, 881 F.3d 894 (Fed Cir. 2018).

- (2) the prior art was used as a basis for grounds of unpatentability but the PTAB declined to institute trial;<sup>24</sup> and
- (3) the prior art was not used as a basis for grounds of unpatentability and the PTAB issued a final written decision based on other prior art.<sup>25</sup>

We will discuss each of these categories with respect to district courts and then the PTAB.

#### A. District Courts

District courts have consistently held that a petitioner is estopped from pursuing grounds of unpatentability that were subject to a final written decision by the PTAB.<sup>26</sup> For example, in *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, the defendant essentially conceded estoppel over the ground which was subject to the final written decision by the PTAB, and the Northern District of California estopped the defendant from pursuing an invalidity defense based on this combination of prior art references.<sup>27</sup> The application of AIA Estoppel in this scenario has been generally adopted by the district courts.<sup>28</sup>

24. *E.g.*, *Douglas Dynamics, LLC v. Meyer Prod. LLC*, No. 14-CV-886-JDP, 2017 WL 1382556, at \*1 (W.D. Wis. Apr. 18, 2017); *Great West Cas. Co. v. Intellectual Ventures II, LLC*, IPR2016-01534, Paper 13 at 12 (P.T.A.B. Feb. 15, 2017).

25. *E.g.*, *Biscotti Inc. v. Microsoft Corp.*, No. 2:13-CV-01015-JRG-RSP, 2017 WL 2526231, at \*7 (E.D. Tex. May 11, 2017); *Praxair Distrib., Inc. v. INO Therapeutics*, IPR 2016-00781, 2016 WL 5105519, at \*3 (PTAB Aug. 25, 2016).

26. *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1052 (Fed. Cir. 2017) (“There is no IPR estoppel with respect to a claim as to which no final written decision results”); *see also Biscotti*, 2017 WL 2526231, at \*7 (“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”); *Douglas Dynamics, LLC v. Meyer Prods. LLC*, No. 14-CV-886-JDP, 2017 WL 1382556, at \*1 (W.D. Wis. Apr. 18, 2017) (“[Section 315(e)] provides that one who gets a final decision as to the validity of a patent claim in an IPR is estopped from asserting invalidity of that claim in another IPR or in district court on any ground that the person raised ore reasonably could have raised...”); *Princeton Dig. Image Corp. v. Konami Dig. Entm’t, Inc.*, No. 12-1461-LPS-CJB, 2017 WL 1196642, at \*2 (D. Del. Mar. 30, 2017); *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. 12-CV-05501-SI, 2017 WL 235048, at \*4 (N.D. Cal. Jan. 19, 2017).

27. *Verinata*, 2017 WL 235048, at \*4.

28. *E.g.*, *Biscotti*, 2017 WL 2526231, at \*7 (calling the application of estoppel to grounds subject to a decision “apparent”); *Douglas Dynamics*, 2017 WL 1382556, at \*1 (“In other words, if you take the IPR alternative, you have to be satisfied with the PTAB answer; you cannot re-litigate the matter in district court”); *Princeton*, 2017 WL 1196642, at \*2 (“Therefore because neither the Harmonix IPR nor the Konami/Harmonix IPR ever resulted in a final written decision as to claims 14, 19, or 20 . . . Defendants are not estopped from asserting invalidity of those claims in their First Counterclaim.”); *Verinata*, 2017 WL 235048, at \*5 (applying estoppel to a claim upon which a final written decision was issued).

For grounds of unpatentability that were denied institution by the PTAB, district courts have disagreed in their application of *Shaw*. Some district courts determine whether to apply AIA Estoppel by looking to the PTAB's reasons for denying institution. In *Biscotti Inc. v. Microsoft Corp.*, the Eastern District of Texas narrowly interpreted *Shaw*, concluding that the exception to AIA Estoppel applies only when the PTAB declines to institute review for *procedural reasons*, such as redundancy.<sup>29</sup> Accordingly, the *Biscotti* court applied AIA Estoppel to bar revisiting of grounds that were considered on the merits, but ultimately found to be unmeritorious on the record before the PTAB.<sup>30</sup> More specifically, the *Biscotti* court held AIA Estoppel to bar “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).”<sup>31</sup> The court reasoned that,

[s]uch an interpretation is consistent with due process—if the petitioner tries to raise a ground but is precluded from further pursuing that ground during subsequent IPR proceedings solely because of PTAB procedures, then the petitioner should not be barred from asserting the merits of that same ground in a later PTAB or district court proceeding.<sup>32</sup>

Other district courts have held that *Shaw*'s exception to AIA Estoppel applies to all grounds denied institution by the PTAB, regardless of the reason for denial.<sup>33</sup> For example, in *Milwaukee Electric Tool Corp. v. Snap-On*

29. 2017 WL 2526231, at \*7 (“the Court reads *Shaw* and *HP* to exempt an IPR petitioner from § 315(e)'s estoppel provision only if the PTAB precludes the petitioner from raising a ground during the IPR proceeding for purely procedural reasons, such as redundancy”).

30. *Id.*

31. *Id.*

32. *Id.* at \*6.

33. *Verinata*, 2017 WL 235048, at \*4 (“As *Shaw* dictates, the PTAB did not institute on this ground and, therefore, defendants are not estopped from raising the same invalidity argument in this litigation”); see also *Oil-Dri Corp. of Am. v. Nestle Purina Petcare Co.*, No. 15-CV-1067, 2017 WL 3278915, at \*4 (N.D. Ill. Aug. 2, 2017) (“Thus, according to *Shaw*, (1) § 315(e) creates estoppel for grounds raised or grounds that reasonably could have been raised during an IPR, (2) an IPR does not begin until institution, and (3) if the PTAB institutes IPR on some grounds but declines to institute on others, the IPR cannot reasonably raise the noninstituted grounds *during* the IPR, so the IPR estoppel provision does not apply based on its plain language”); *Douglas Dynamics*, 2017 WL 1382556 at \*6 (W.D. Wis. Apr. 18, 2017) (“Defendant is not estopped from asserting invalidity defenses included in its petition for inter partes review, but on which the Patent Trial and Appeals Board did not institute review”); *Intellectual Ventures I LLC v. Toshiba Corp.*, No. 13-453-SLR, 2016 WL 7341713, at \*13 (D. Del. Dec. 19, 2016) (holding that because the PTAB rejected a certain invalidity ground, it could not be considered raised), *reconsideration denied*, 2017 WL 107980 at \*1 (D. Del. Jan. 11, 2017); *Illumina, Inc. v. Qiagen, N.V.*, No. 16-

*Inc.*, the Eastern District of Wisconsin held that “a petitioned ground for which IPR was not instituted, for whatever reason, does not give rise to IPR estoppel.”<sup>34</sup> Similarly, in *Douglas Dynamics, LLC v. Meyer Products LLC*, the Western District of Wisconsin explained that, “a defendant who presents its full invalidity case in a petition for IPR cannot be accused of holding back a secondary invalidity case to be used only if the IPR goes bad, so applying the *Shaw* approach to non-instituted grounds does not incentivize that unfair litigation strategy.”<sup>35</sup>

Courts also have found that a later attempt to challenge claims based on a *subset* of a previously denied set of prior art references is subject to AIA Estoppel, in what is at least arguably a departure from *Shaw*. For example, in *Verinata*, the Northern District of California held that the defendant was estopped from raising a proposed prior art ground of invalidity even though that precise ground had been denied institution by the PTAB, because the art in that ground was a subset of the art raised in another proposed ground for which the PTAB *granted* institution.<sup>36</sup> The court reasoned that “defendants raised, or could have raised, these grounds in the IPR proceedings, as the combination of [prior art] is simply a subset of the [combination of prior art in the] instituted grounds.”<sup>37</sup> Similarly, in *Biscotti*, the Eastern District of Texas estopped the defendant from pursuing invalidity contentions based on prior art that was a subset of prior art in estopped grounds.<sup>38</sup>

In contrast, in *Oil-Dri*, the Northern District of Illinois declined to apply estoppel to such grounds, reasoning, arguably consistent with *Shaw*, that denied grounds which are a subset of previously instituted grounds should not be estopped, because they were not before the PTAB during the IPR, and “the PTAB explicitly considered in its final written decision whether a subset of the instituted grounds was properly before it, and determined that it was

2788-WHA, 2016 WL 4719269 (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)”).

34. *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, No. 14-CV-1296-JPS, 2017 WL 4220457, at \*25 (E.D. Wis. Sept. 22, 2017), *appeal filed*, (Fed. Cir. Feb. 5, 2018).

35. *Douglas Dynamics*, 2017 WL 1382556, at \*5.

36. *Verinata*, 2017 WL 235048 at \*4 (finding challenger was “estopped . . . from raising the obviousness combination of Dhallan and Binladen,” even though PTAB expressly denied institution on “Dhallan and Binladen,” because PTAB *granted* institution on “Shoemaker, Dhallan and Binladen”).

37. *Id.* In fact, however, in the prior IPR, the PTAB expressly limited the trial only to the particular grounds instituted. *See Ariosa Diagnostics, Inc. v. Verinata Health, Inc.*, IPR2013-00276, Paper 11 at 22 (P.T.A.B. Oct. 25, 2013) (“FURTHER ORDERED that the trial is limited to the grounds and claims identified above, and no other grounds are authorized as to these claims as they currently stand.”).

38. *Biscotti Inc. v. Microsoft Corp.*, No. 2:13-CV-01015-JRG-RSP, 2017 WL 2526231, at \*8 (E.D. Tex. May 11, 2017).



not.”<sup>39</sup> Rather than limit the estoppel analysis to simply whether particular prior art references appeared in prior instituted grounds as the courts did in *Verinata* and *Biscotti*, the *Oil-Dri* court noted other potential differences in the bases of the two grounds of rejection, reasoning that “the obviousness inquiry based on the combination of two references is not necessarily the same as the obviousness inquiry based on a single reference.”<sup>40</sup>

District courts have also disagreed on whether to apply AIA Estoppel to grounds that were not expressly raised in a prior petition. Some have refused to do so. In *Intellectual Ventures I LLC v. Toshiba Corp.*, the District of Delaware begrudgingly held *Shaw*’s AIA Estoppel exception to broadly include grounds that reasonably could have been raised but were not.<sup>41</sup> Similarly, in *Koninklijke Philips N.V. v. Wangs Alliance Corp.*, the District of Massachusetts found that *Shaw* compels the conclusion that AIA Estoppel does not apply to any grounds that the petitioner failed to raise in its petition for IPR.<sup>42</sup>

In contrast, several district courts have applied AIA Estoppel to unraised grounds, reasoning that the grounds at issue reasonably *could have been* raised in a petition.<sup>43</sup> In *Parallel Networks Licensing, LLC v. Int’l Bus. Machines Corp.*, for example, the District of Delaware reasoned that allowing a petitioner, “to raise arguments [in a subsequent court proceeding] that it elected not to raise during the IPR would give it a second bite at the apple and allow it to reap the benefits of the IPR without the downside of meaningful estoppel.”<sup>44</sup> Similarly, in *Network-1 Techs. Inc. v. Alcatel-Lucent USA, Inc.*, the Eastern District of Texas applied AIA Estoppel to particular combinations of prior art, reasoning that although the petitioner, “did not assert the specific *combinations* of prior art references that it now seeks to assert at trial[,] . . . [petitioner] knew that [those references] existed, at least

39. *Oil-Dri*, 2017 WL 3278915, at \*5. *But see Biscotti*, 2017 WL 2526231, at \*7–8.

40. *Oil-Dri*, 2017 WL 3278915 at \*6.

41. 221 F. Supp. 3d 534, 553–54 (D. Del. Dec. 19, 2016) (“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*”).

42. No. 1:14-CV-12298-DJC, at \*8–9 (D. Mass. Jan. 2, 2018).

43. *See, e.g., Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, No. 14-CV-1296-JPS, 2017 WL 4220457, at \*26 (E.D. Wis. Sept. 22, 2017) (“the Court can preserve some measure of the policy goals animating the creation of IPR by holding that a petitioner is estopped from asserting invalidity contentions based on prior art that it could reasonably have included in its IPR petition but did not”); *Oil-Dri*, 2017 WL 3278915 at \*4 (explaining that *Shaw* creates estoppel for grounds that reasonably could be raised during an IPR); *Douglas Dynamics, LLC v. Meyer Products LLC*, No. 14-CV-886-JDP, 2017 WL 1382556, at \*4 (W.D. Wis. Apr. 18, 2017) (noting grounds that reasonably could have been raised).

44. No. 13-2072 (KAJ), 2017 WL 1045912, at \*12 (D. Del. Feb. 22, 2017).

eight months before filing its IPR petition. Yet, [petitioner] chose not to raise the specific references before the PTAB.”<sup>45</sup> The *Network-I* court therefore concluded that estoppel should apply.<sup>46</sup> Also, in *Biscotti*, the Eastern District of Texas interpreted the “reasonably could have raised” portion of the estoppel standard to find that grounds, or even particular prior art references, not included in a petition that a “skilled searcher conducting a diligent search reasonably could have been expected to discover” should be estopped.<sup>47</sup> This “skilled searcher” standard has also been applied in the PTAB and in other district court cases.<sup>48</sup>

### B. Patent Trial and Appeal Board

The PTAB has applied estoppel in a broader and more consistent fashion than the district courts generally. First, the PTAB mirrors the district courts in upholding estoppel for instituted grounds.<sup>49</sup> However, unlike some district courts, the PTAB has generally not applied estoppel to denied grounds.<sup>50</sup> In *Great West Casualty Co. v. Intellectual Ventures II LLC*, the Board interpreted *Shaw* to hold that estoppel does not apply “to any ground of unpatentability that was presented in a petition, but denied institution.”<sup>51</sup> In doing so, the Board “discern[ed] 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.”<sup>52</sup> The Board has come to the same conclusion in other cases, before and after *Great West*, regarding grounds that were not subject of a final written decision.<sup>53</sup>

45. No. 6:11-CV-492-RWS-KNM, 2017 WL 4478236, at \*6 (E.D. Tex. Sept. 26, 2017).

46. *Id.*

47. *Biscotti Inc. v. Microsoft Corp.*, No. 2:13-CV-01015-JRG-RSP, 2017 WL 2526231, at \*6–7 (E.D. Tex. May 11, 2017).

48. See, e.g., *Apotex Inc. v. Wyeth LLC*, IPR2015-00873, Paper 8, 2015 WL 5523393, at \*4 (P.T.A.B. Sept. 16, 2015) (applying the skilled searcher standard); *Parallel Networks*, 2017 WL 1045912, at \*11–12 (applying the skilled searcher standard); *Clearlamp, LLC v. LKQ Corp.*, No. 12-CV-2533, 2016 WL 4734389, at \*8 (N.D. Ill. Mar. 18, 2016) (applying the skilled searcher standard).

49. E.g., *Ford Motor Co. v. Paice LLC*, IPR2015-00758, Paper 28 at \*7–8 (P.T.A.B. Nov. 8, 2016), *aff’d*, 881 F.3d 894 (Fed Cir. 2018).

50. See *supra* notes 26–29 and accompanying text.

51. IPR2016-01534, Paper 13 at 12 (P.T.A.B. Feb. 15, 2017).

52. *Id.* at \*13.

53. See *Emerson Elec. Co. v. IP Co.*, IPR2017-00252, Paper 7 at 9 (“We do not apply estoppel to claim 11 because, while it was challenged in the 1901 petition, it was not part of the final written decision in that matter because no grounds were instituted as to that claim”); see also *Apotex*, 2015 WL 5523393, at \*5 (“Because the Board did not reach the merits of the challenge presented in Ground 1 when deciding whether to institute a trial in the ‘115 IPR, we determine that Petitioner is not estopped from asserting Ground 1 in this proceeding.”).

On the other hand, the PTAB generally takes a more expansive view than some district courts of what non-petitioned grounds may be estopped.<sup>54</sup> In several instances, the Board has estopped petitioners from maintaining grounds that were based on prior art of which petitioners were demonstrably aware but did not raise in prior proceedings.<sup>55</sup>

If the combination of prior art could have been raised in a previous IPR, the Board has found such combinations estopped in a subsequent IPR, even though they included references in grounds actually raised and denied institution in the previous IPR. In *Dell Inc. v. ETRI*, a Board-designated “representative decision” (meaning that it is of enhanced precedential value, though not binding on Board panels), the PTAB applied AIA Estoppel on a patent claim-by-patent claim basis in a second IPR to bar institution of review of patent claims that had reached a final written decision in a previous IPR.<sup>56</sup> The holding specifically applied to grounds proposed in that second IPR that included a prior art reference that had been raised in grounds denied review on the merits in the first IPR.<sup>57</sup>

In another case, the Board considered prior art that was not raised in a previous IPR and found that the Petitioner had not demonstrated “that a skilled searcher conducting a diligent search would not have expected to discover [the prior art].”<sup>58</sup> The Board was not persuaded by the evidence the Petitioner provided to show that a diligent search would not have yielded the two textbook references, noting, among other things, that the references were readily available by searching Google Books using keywords from the challenged patent specification.<sup>59</sup>

The Board has, however, also conducted a reasonableness analysis before concluding that the ground or claim should be estopped under this

54. See *supra* notes 40–45 and accompanying text.

55. See, e.g., *Kofax, Inc. v. Uniloc USA*, IPR2015-01207, Paper 22 at 8 (P.T.A.B. June 2, 2016) (Petitioner was aware of prior art raised in earlier CBM but did not raise it), *reh’g denied*, Paper 24 (P.T.A.B. July 20, 2016), *appeal filed*, No. 16-2407 (Fed. Cir.); *Ford Motor Co. v. Paice LLC*, IPR2014-00884, Paper 38, 2015 WL 8536739, at 6 (P.T.A.B. Dec. 10, 2015) (“Ford is estopped from maintaining its challenge against claims 21 and 23 in the instant proceeding because the asserted grounds are based on prior art that Ford was aware of, and could have raised, in prior proceedings challenging the same claims”), *aff’d*, 681 F. App’x 904 (Fed. Cir. 2017) (nonprecedential), *petition for cert. filed* (No. 17-229, Aug. 7, 2017); *Apotex*, 2015 WL 5523393, at \*8 (“Petitioner was aware of, and cited, all of the Ground 2 prior art in the ‘115 IPR Petition, and therefore reasonably could have raised it during that proceeding. Accordingly, Petitioner is estopped . . .”).

56. *Dell Inc. v. ETRI*, IPR2015-00549, Paper 10 at 2–3 (P.T.A.B. Mar. 26, 2016) (representative decision).

57. *Id.* at 4–6.

58. *Praxair Distrib., Inc. v. INO Therapeutics LLC*, IPR2016-00781, Paper 10 at 10, (P.T.A.B. Aug. 25, 2016).

59. *Id.*

“should have known” standard.<sup>60</sup> In *Johns Manville v. Knauf Insulation*, the Board was not persuaded that an employee’s possession of relevant materials imputed knowledge of these documents to the petitioner.<sup>61</sup> The Board reasoned: “Nowhere in its plain meaning and legislative history does section 315(e)(1) expressly, or impliedly, consider the entire universe of institutional ‘knowledge’ of a petitioner and its employees as being strictly estopped.”<sup>62</sup>

### III. RECOMMENDATIONS FOR PRACTITIONERS

Patent owners and petitioners alike should consider impacts of AIA Estoppel as an important part of their overall litigation strategy. For example, patent owners filing infringement suits in district court may prefer to select a venue that strictly applies AIA Estoppel in order to limit the petitioner’s invalidity defenses to the fullest extent possible in district court should the claims be upheld during the AIA trial. Regardless of the venue, patent owners may consider conditioning consent to stay litigation on agreement as to estoppel.

For petitioners, a comprehensive and diligent prior art search should be performed before filing an IPR or PGR in the PTAB, in order to ensure that the optimum references are being asserted. In the absence of sufficient prior art searching before filing an IPR or PGR, key prior art references that are overlooked before the petition is filed may be subject to estopped later in the district court, should the AIA trial be unsuccessful at invalidating the patent claims. Even with the best prior art, petitioners should carefully consider which references to present in the IPR or PGR petition, and how to present them, in order to minimize AIA Estoppel and preserve some invalidity defenses for the district court or International Trade Commission. Without carefully considering these and other issues prior to filing an IPR or PGR, an unsuccessful petitioner may find themselves back in the district court or International Trade Commission with few or no remaining prior art defenses.

### CONCLUSION

The creation of AIA Trials brings with it new opportunities to streamline the patent system and to challenge improvidently granted patents. With

60. See *Johns Manville v. Knauf Insulation Inc.*, IPR2016-00130, Paper 35 at 9–12 (P.T.A.B. May 8, 2017), *appeal filed*, No. 17-2285 (Fed Cir.).

61. *Id.* at 11.

62. *Id.*; see also *Great West Cas. Co. v. Intell. Ventures II LLC*, IPR2016-01534, Paper 13 at 14–16 (P.T.A.B. Feb. 15, 2017) (finding, despite evidence that petitioner had failed to actually discover reference in searches conducted prior to first IPR, that reference nevertheless “was readily identifiable in a diligence search,” so grounds using it as “primary reference” in second IPR were estopped).

those new opportunities, however, come new challenges in the form of unevenly applied AIA Estoppel. The divergent approaches of the district courts and the PTAB in light of *Shaw* and *HP* present strategic challenges for patent owners and petitioners alike when formulating a litigation strategy. This Article attempts to provide some clarity as to best practices for petitioners and patent owners as they navigate AIA Estoppel through a review of the case law in the district courts and the PTAB.