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THE SEDONA CONFERENCE WORKING GROUP SERIES



# THE SEDONA CONFERENCE

## *Commentary on the Evolving Relationship Between Federal Courts and Administrative Agencies*

A Project of The Sedona Conference  
Working Group on Patent Litigation  
Best Practices (WG10)

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# ***Principles for the Relationship Between Federal Courts and Administrative Agencies “At a Glance”***

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[Proposed] Principle No. 1 – The parties, administrative agencies, and federal courts should take steps so that parallel proceedings are just, speedy, not non-duplicative.

[Proposed] Principle No. 2 – Parallel administrative or federal court proceedings addressing the same subject matter should generally avoid inconsistent treatment of common issues of law or fact absent written justification for such inconsistent treatment—*i.e.*, the substantive outcome on the same issue of law or fact generally should not depend on which body conducts the proceeding.

[Proposed] Principle No. 3 – Parties to parallel administrative proceedings should be afforded a fair opportunity to present appropriate evidence and argument during the proceedings.

## *I. Introduction*

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The WG10 Commentary on the Evolving Relationship Between Federal Courts and Administrative Agencies seeks to explore various issues that arise from related proceedings in Federal District and Appellate Courts, before the U.S. Patent and Trademark Office's Patent Trial and Appeal Board (PTAB), and Section 337 investigations at the International Trade Commission (ITC). This Working Group focuses this commentary on issues including stays of litigation, accelerated and conflicting trial scheduling, estoppel, ANDA provisions, standing, and availability of judicial review.

For example, regarding stays, District courts and the ITC consider whether or when to grant stays due to parallel post-grant challenges filed at the PTAB, often with drastically different approaches. Accelerated trial scheduling has further complicated this question on both sides—in certain district courts and the ITC, trial dates are approaching the same 18-month timeline as PTAB proceedings, leading to an increased risk of conflicting outcomes between proceedings when they proceed in parallel; in the PTAB, challenges that would otherwise be timely are being denied due to quickly approaching trial dates. Regarding estoppel, courts are still addressing the contours of how estoppel flows from prior challenges at the PTAB to related district court litigation (nearly a decade after the enactment of the 2011 America Invents Act).

The primary focus of the WG10 team on this commentary is the development of Principles and Best Practices that should be considered by both litigants and judges participating in these related proceedings. The objectives of this effort are to help these bodies avoid conflict by identifying and addressing potential points of friction between proceedings, to move the law forward by proposing ways these bodies can modify their rules and procedures to conform or consider one another, and to harmonize the litigation process. For each issue addressed in this commentary, best practices will be proposed for how to navigate the existing (and evolving) rules and law, and additionally, what can be done moving forward to better integrate these proceedings with one another and promote more efficient resolution of patent disputes.

## *II. Stays of Litigation*

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With the advent of Patent Trial and Appeal Board (PTAB) review proceedings, it has become commonplace for accused infringers to petition the PTAB for post-grant reviews (PGRs) or *inter partes* reviews (IPRs) after the patentees have brought patent infringement actions in the district courts. Many of those petitioners, in turn, file motions to stay the district court litigation pending the outcome of the post-grant proceedings. In most circumstances, there is no new statutory requirement that previously filed district court actions be stayed, and courts have struggled with such stay determinations. This section describes the relevant factors for the courts to consider, though each case's facts differ.

### **A. CONSIDERATIONS FOR MOTIONS TO STAY**

The AIA does not mandate a specific standard for deciding whether to stay district court litigation in view of a parallel PGR or IPR proceeding. Rather, the analysis is derived from decisional law stemming from the courts' power to control their own dockets, particularly in the context of parallel USPTO reexamination proceedings. Courts have typically articulated the standard stay considerations as follows:

- (1) whether a stay will simplify issues at trial,
- (2) whether discovery is complete and a trial date is set, and
- (3) whether a stay will unduly prejudice the non-moving party.

The ITC considers requests to stay an ITC investigation based on a pending IPR under the same criteria as it has used for other USPTO proceedings, such as reexaminations. Those factors include:

- (1) the state of discovery and the hearing date in the ITC case;
- (2) whether a stay will simplify the issues and hearing;
- (3) undue prejudice to any party;
- (4) the stage of the PTAB proceedings; and
- (5) the efficient use of Commission resources.<sup>1</sup>

The ITC ALJs have thus far denied stay requests based on pending IPRs, relying on the same reasoning the ITC has historically used.<sup>2</sup> With a few exceptions the Commission has also generally

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<sup>1</sup> See *In re Semiconductor Chips with Minimized Chip Package Size*, Inv. 337-TA-605, omm'n p. 2008 L 2223426 at \*4 (May 27, 2008).

<sup>2</sup> See, e.g., *Certain Laser-Driven Light Sources, Subsystems Containing Laser-Drive Light Sources, and Products Containing Same*, Inv. No. 337-TA-983, Order No. 8 (Mar. 3, 2016) (denying stay based on pending IPRs on, among other grounds, that the IPRs would not streamline the investigation because additional invalidity issues were raised in the PTC proceeding).

denied motions to stay or suspend its remedy orders based on final PTAB determinations of invalidity where such determinations were subject to judicial review.<sup>3</sup>

## **1. Considerations regarding similarity of issues between forums**

### **a. Simplification of issues**

The potential for broad estoppel in the district court litigation once the PTAB issues its final written decision influences the common first prong—simplification of the issues and streamlining for trial.<sup>4</sup> In IPR and PGR proceedings, any participating parties and their real parties-in-interest will be estopped from asserting in district court (or the USITC) any defense that was, or reasonably could have been, raised before the PTAB.<sup>5</sup>

Parties seeking a stay should be prepared to demonstrate that the district court proceedings will be simplified by the PTAB's review, for instance through estoppel. Conversely, the court should be informed about what claims and defenses will remain untouched depending on the type of proceeding pursued and the grounds and references instituted. The court may want to consider whether there are any issues that should be addressed before entering a stay and also whether a partial stay for some issues or patents may be beneficial.

### **b. Challenging asserted claims**

The first consideration of the stay analysis—simplification of the issues—is most likely to be satisfied where most or all of the asserted claims are credibly at risk.<sup>6</sup> In *VirtualAgility*, which concerned a stay during CBM proceedings, the Federal Circuit noted that “the PTAB expressly determined that *all* of the claims are more likely than not unpatentable.”<sup>7</sup> The court accordingly stated that:

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<sup>3</sup> See e.g., *Certain Network Devices, Related Software and Components Thereof (II)*, Inv. No. 337-TA-945, omm’n Order Denying Motion for Stay of Remedial Orders Pending Appeal (Nov. 3, 2017). In certain investigations, however, where the final B decision issued before the commission’s remedy orders and the relevant patent claims were determined to be invalid, the Commission has exercised its discretion to suspend a portion of an exclusion order. See *Certain Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, omm’n Op. at 62-63 (Apr. 9, 2019); *Certain Three Dimensional Cinema Systems and Components Thereof*, Inv. No. 337-TA-939, omm’n p. at 60-61 (Aug. 23, 2016).

<sup>4</sup> Upon institution, a PTAB final written decision on patentability will likely issue, unless there is an early settlement.

<sup>5</sup> 35 U.S.C. §§ 315(e), 325(e).

<sup>6</sup> See *Neste Oil Oyj v. Dynamic Fuels, LLC*, No. 12-662-GMS, 2013 WL 424754, at \*2, \*4-5 (D. Del. Jan. 31, 2013) (granting stay because “there remains the possibility that, rather than ruling in [plaintiff’s] favor, the PTO will cancel all the claims before it. . . . [T]here is reason to believe that the PTO’s reexamination will result in the cancellation of at least some of the claims.”).

<sup>7</sup> *VirtualAgility*, 759 F.3d at 1314; but see *Versata Software Inc. v. Callidus Software Inc.*, 771 F.3d 1368, 1371 (Fed. Cir. 2014) (stating that “[s]tays can be warranted even when a CBM proceeding does not address all asserted patents, claims, or invalidity defenses,” and finding that “a categorical rule” against

[t]he simplification argument would be stronger if all of the prior art or relevant invalidity issues were in the CBM review, as this would entirely eliminate the trial court's need to consider validity in the event that some claims survive CBM review. In this case, however, where CBM review has been granted on all claims of the only patent at issue, the simplification factor weighs heavily in favor of the stay. If [petitioner] is successful, and the PTAB has concluded that it "more likely than not" will be, then there would be no need for the district court to consider the other two prior art references. This would not just reduce the burden of litigation on the parties and the court—it would entirely eliminate it.<sup>8</sup>

Conversely, if parties file PTAB petitions targeting only peripheral or insignificant claims, or the PTAB refuses to institute review of the most central claims of the asserted patents, it may weigh against a stay, as the review will be less likely to simplify the issues in court. The district court may also seek to understand how much the PTAB review will overlap with the co-pending case, including which statutory grounds have been instituted and what prior art references have been identified.

However, this is not an invitation for parties to brief the merits of the PTAB review before the district court. In *VirtualAgility* the Federal Circuit chastised the lower court for analyzing an opinion on the merits of a petition, arguing that this essentially amounted to a "collateral attack" on the proceedings.<sup>102</sup> And in *Benefit Funding Systems LLC v. Advance America Cash Advance Centers Inc.*,<sup>9</sup> the Federal Circuit affirmed the trial court's grant of a stay. The Federal Circuit noted regarding this prong that "[t]he stay determination is not the time or the place to review the PTAB's decisions to institute a CBM proceeding."<sup>10</sup> Thus, parties should seek to highlight any potential simplifications while avoiding detailed discussions on the underlying merits of any of these challenges, both when bringing and opposing a motion to stay.

### c. Agreement by codefendants to limited estoppel

Creatively, courts have often sought codefendant agreement to limited forms of agreed-upon estoppel, conditioning stays on the agreement of non-petitioning parties to be estopped from asserting any invalidity defense actually raised and finally adjudicated in the PTAB proceedings.<sup>11</sup>

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staying "if any asserted claims are not also challenged in the CBM proceeding" would be "inappropriate"), *vacated as moot based on settlement*, 780 F.3d 1134 (Fed. Cir. 2015).

<sup>8</sup> *VirtualAgility*, 759 F.3d at 1314; *see also* *Benefit Funding Sys. LLC v. Advance Am. Cash Advance Ctrs. Inc.*, 767 F.3d 1383, 1387 (Fed. Cir. 2014) ("[T]here is a likelihood then that all of the asserted claims will be invalidated.") (citation omitted).

<sup>9</sup> 767 F.3d 1383 (Fed. Cir. 2014).

<sup>10</sup> *Id.* at 1386 (quoting *VirtualAgility*, 759 F.3d at 1313).

<sup>11</sup> *See, e.g.*, *Semiconductor Energy Lab.*, No. SACV 12-21-JST, 2012 WL 7170593, at \*2 (C.D. Cal. Dec. 19, 2012) (granting stay because "[d]efendants who did not file the IPR petitions have agreed to be bound by the estoppel provisions of the IPR proceedings"); *see also* *Evolutionary Intelligence*, No. 5:13-cv-04513, 2014 WL 819277, at \*5–6 (N.D. Cal. Feb. 28, 2014) (conditionally granting a non-petitioner defendant's motion to stay pending IPR contingent upon the defendant's agreement to be subject to "weaker" statutory estoppel due to the defendant's noninvolvement with the IPR proceedings, stating "[b]ecause

If fewer than all codefendants petition for PTAB proceedings or refuse to at least be bound by the results of what is actually raised and adjudicated, this may weigh against a stay of district court proceedings, as estoppel will affect fewer parties and will be less likely to simplify the issues.<sup>12</sup>

## 2. Considerations regarding timing of stay requests

### a. Institution at the PTAB weighs in favor of granting a stay

Even if the PTAB petition has been filed and instituted prior to the infringement complaint being served in the district court, such timing does not suggest any gamesmanship by the defendants.<sup>13</sup> In such circumstances, where the PTAB proceedings are already well underway, the court may decide that the process should conclude before any district court resources are expended, and a stay should be favored.

In this and other stayed cases, parties should plan on providing the court with relevant, timely updates regarding the ongoing PTAB proceedings. This is not just a courtesy to the district court judge; it provides valuable information aiding the court's jurisdiction and mandate. The district court's inherent power to control the disposition of cases on its docket necessarily implies the ability

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[defendant] is not one of the IPR petitioners, [it] would not be precluded under 35 U.S.C. § 315(e)(2) from reasserting invalidity contentions rejected by the PTO. . . . If [defendant] and IPR petitioners communicate on strategy, [defendant] should be bound by the full statutory estoppel provision. If, however, [defendant] has no input on the IPR strategy, it should not be precluded from raising arguments that could have been raised in the IPR proceedings. At the hearing, [defendant] represented to the court that it did not assist the IPR petitioners with any prior art search, that it took no part in drafting the IPR petitions, and that it is not in communication with the IPR petitioners concerning the IPR. . . . [R]equiring [defendant] to submit to a weaker estoppel foreclosing it from relitigating claims made and finally determined in the IPR proceedings is necessary to effect the PTO's interest in protecting the integrity of PTO proceedings and in preventing parties from having a 'second bite at the apple.' The court thus conditions the stay on [defendant's] agreement to be estopped only from asserting any invalidity contention that was actually raised and finally adjudicated in the IPR proceedings." (citation omitted)); *but see* Personal Web Techs., LLC v. Google, Inc., 5:13-CV- 01317-EJD, 2014 WL 4100743, at \*5 (N.D. Cal. Aug. 20, 2014) (conditioning a third-party stay on the defendants' agreement "to be bound as if they themselves had filed the relevant IPR petitions").

<sup>12</sup> See *Semiconductor Energy Lab.*, 2012 WL 7170593, at \*2 ("The estoppel effect of *inter partes* review carries less weight when there are several defendants that are not parties to, and thus are not bound by, the estoppel effects of the proceeding."); see also *e-Watch Inc. v. Avigilon Corp.*, No. 4:13-cv-000347, 2013 WL 6633936, at \*3 (S.D. Tex. Nov. 15, 2013) (order granting stay pending related IPR proceedings with the petitioner, but awaiting determination as to whether the petitioner should be estopped under § 315 of the Leahy-Smith America Invents Act from asserting any § 102/103 arguments that reasonably could have been raised by the petitioner, or estopped on only the grounds actually raised in the related IPR by the petitioner).

<sup>13</sup> *Polaris Indus., Inc. v. BRP U.S. Inc.*, No. Civ. 12-01405, 2012 WL 5331227, at \*2 (D. Minn. Oct. 29, 2012) (holding that first factor weighed in favor of the defendant because it filed for IPR one week prior to the plaintiff filing its complaint and because the IPR was already in progress).

to modify or lift a stay no longer deemed efficient or equitable.<sup>14</sup> Accordingly, parties should regularly update the district court of important happenings in parallel proceedings so that it can properly manage these ongoing interests.

**b. Pre-institution stay requests may weigh against a stay**

Although a litigation stay request filed before the institution of a post grant-proceeding may weigh against a stay, at most, a district court will likely deny the motion without prejudice so that the party may refile the request if and when institution occurs. In 2020, the PTAB's institution rate was roughly 58%, and courts have frequently denied stays prior to the actual institution of the USPTO proceeding, calling it speculative and premature.<sup>15</sup> The Federal Circuit in *VirtualAgility* held that, despite the other reversible errors, "it was not error for the district court to wait until the PTAB made its decision to institute CBM review before it ruled on the motion."<sup>16</sup> Ultimately, the Federal Circuit expressed no opinion on which is the better practice, but that "no doubt the case for a stay is stronger after post-grant review has been instituted."<sup>17</sup>

Courts denying stays on this ground—without prejudice to refile—often cite needless delay that might occur if the PTAB proceeding is not actually instituted after so many months of waiting (on average, 6 to 8 months after the initial filing of the PTAB petition is filed).<sup>18</sup> In many jurisdictions, five to eight months in the life of the case is substantial, and so many courts have preferred to see that the PTAB has actually instituted the post-grant proceeding before deciding to stay the case.

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<sup>14</sup> *Landis v. N. Am. Co.*, 299 U.S. 248, 254–55 (1936) (“[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants. How this can best be done calls for the exercise of judgment, which must weigh competing interests and maintain an even balance.”).

<sup>15</sup> *Blue Calypso, Inc. v. Groupon, Inc.*, No. 6:12-cv-00486, slip op. at 4 (E.D. Tex. July 19, 2013) (order denying a motion for a stay as “premature” because the USPTO had yet to decide whether even to institute review); *Trs. of Bos. Univ. v. Everlight Elecs. Co.*, No. 12-cv-11935 (D. Mass. July 11, 2013) (order denying a motion for a stay without prejudice as premature since USPTO had not yet instituted review); *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1031–35 (C.D. Cal. 2013) (order denying stay where USPTO had yet to institute IPR review); *Automatic Mfg. Sys., Inc. v. Primera Tech., Inc.*, 2013 WL 1969247 (M.D. Fla. May 13, 2013) (same).

<sup>16</sup> *VirtualAgility, Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1315 (Fed. Cir. 2014).

<sup>17</sup> *Id.* (comparing *Intertainer, Inc. v. Hulu, LLC*, No. 13-cv-5499, 2014 WL 466034, at \*1–2 (C.D. Cal. Jan. 24, 2014), with *Checkfree Corp. v. Metavante Corp.*, No. 3:12-cv-15, 2014 WL 466023, at \*1 (M.D. Fla. Jan. 17, 2014)).

<sup>18</sup> *Dane Techs., Inc. v. Gatekeeper Sys., Inc.*, No. 12-cv-02730-ADM, 2013 WL 4483355 (D. Minn. Aug. 20, 2013) (order denying stay prior to grant of the IPR review because the delay may have no perceivable benefit if USPTO declines review); *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, No. 3:11-cv-06391-SI (N.D. Cal. June 11, 2013), ECF No. 198 (order denying stay because as yet uninstituted USPTO review unlikely to simplify issues on a timely basis and finding it persuasive that the non-moving party would be severely prejudiced by a stay when there is no guarantee that the IPR requested would ever be granted); *Davol, Inc. v. Atrium Med. Corp.*, No. 12-958-GMS, 2013 U.S. Dist. LEXIS 84533 (D. Del. June 17, 2013) (order denying stay—even though the case featured *multiple* IPRs, *multiple* patents, and 200-plus claims included in the petition—in part because the USPTO had yet to institute review).

**c. Claims challenged at the PTAB compared to those asserted in litigation**

The decision in *Fresenius* addresses the relationship between district courts and USPTO proceedings when conducted in parallel. There was no stay of the district court litigation involved in the *Fresenius* case, but the USPTO was faster in arriving at its invalidity determination, finishing its review prior to the date the district court *entered* its final judgment on the case as a whole. (The Federal Circuit noted in its opinion that the district court declined to stay pending the USPTO reexamination.) According to the Federal Circuit majority in *Fresenius*, that interim unpatentability decision at the USPTO—which cancelled all of the asserted patent’s claims—mooted the earlier non-final validity determination and the patentee’s cause of action.<sup>19</sup> In *Versata*, on the other hand, the Federal Circuit first sustained a \$391 million jury verdict of infringement, then later affirmed the PTAB’s cancellation of the challenged claims in a CBM proceeding, but refused to overturn the prior jury award.<sup>20</sup> The distinction from *Fresenius* was that the district court judgment was final, through all appeals, before the Federal Circuit affirmed the PTAB’s decision in the *Versata* CBM case.

After *Fresenius* and *Versata*, courts should carefully consider which patent claims are subject to cancellation by the PTAB, and whether they are the same as being asserted in the infringement suit. Courts should also fully understand the timing and jurisdictional issues in considering a motion to stay the infringement litigation during parallel proceedings. Staying the case will necessarily lengthen the district court’s time to final disposition and be potentially subject to a PTAB intervening decision. Under the existing case law, however, denying a stay under certain circumstances could lead to a needless expenditure of resources if the PTAB decides first, mooted the work of the trial court based on the result of the parallel proceeding. Courts further need to be aware of the potential for gamesmanship and delay under this rubric. Because conflicting PTAB decisions can trump nonfinal court decisions, parties may attempt to prolong district court proceedings, hoping for a conflicting decision. As such, the Working Group recommends that when a post-grant proceeding would likely result in a cancellation of all claims at issue in the district court before a final judgment, then this fact should weigh heavily in favor of granting a stay request.

**d. Requesting a stay as early as possible in the litigation**

The earlier parties request the stay, the more likely it will weigh favorably because fewer resources have been expended and there is a lower likelihood of gamesmanship.<sup>2122</sup> Requesting stays late in the

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<sup>19</sup> *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330, 1347 (Fed. Cir. 2013) (“In light of the cancellation of Baxter’s remaining claims, Baxter no longer has a viable cause of action against Fresenius. Therefore, the pending litigation is moot.”), *cert. denied*, 134 S. Ct. 2295 (2014).

<sup>20</sup> *See Versata Software, Inc. v. SAP America, Inc.*, No. 2:07-cv-00153, 2014 U.S. Dist. LEXIS 54640, at \*10 (E.D. Tex. Apr. 21, 2014) (denying motion to vacate jury verdict in view of CBM final written decision), *aff’d*, *Versata Computer Industry Solutions, Inc. v. SAP AG*, 564 F. App’x 600 (Fed. Cir. 2014) (affirmed while parallel CBM proceeding was still on appeal to the Federal Circuit).

<sup>21</sup>

<sup>22</sup> *See Robert Bosch Healthcare Sys., Inc. v. Cardiocom, LLC*, No. 5:12-3864-EJD, 2012 WL 6020012 (N.D. Cal. Dec. 3, 2012) (granting stay because very early and no discovery begun); *Pragmatus Telecom, LLC v.*

schedule may result in denial because “the economies that might otherwise flow from granting a stay early in a case are somewhat offset by the substantial resources already incurred by both parties and the Court in this litigation.”<sup>23</sup>

### 3. Considerations regarding undue prejudice

#### a. Potential for loss of evidence may weight against a stay

Courts consider as part of the stay analysis whether prolonging the infringement decision will be unduly prejudicial to the patentee, and a potential loss of evidence has been cited under this factor.<sup>24</sup> The Federal Circuit, however, has de-emphasized this factor as alone supporting a finding of undue prejudice. In response to such arguments in *VirtualAgility*, the court inquired: “Since when did 60 become so old?”<sup>25</sup> The court added that “[w]ithout more, . . . these assertions here are not sufficient to justify a conclusion of undue prejudice,” because “[t]here is no evidence that any of these individuals are in ill health.”<sup>26</sup> Moreover, according to the Federal Circuit, while advanced age or ill health remains a factor to be considered, “the prejudice can be reduced, when necessary, by preserving the testimony.”<sup>27</sup>

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NETGEAR, Inc., No. 12-6198, 2013 WL 2051636, at \*2 (N.D. Cal. May 14, 2013) (stating that even though discovery had begun, it was not far advanced); *Neste Oil Oyj v. Dynamic Fuels, LLC*, No. 12-662-GMS, 2013 WL 424754, at \*2 (D. Del. Jan. 31, 2013) (granting stay where request was filed prior to any scheduling order and less than three months into the case); *cf. Semiconductor Energy Lab. Co. v. Chimei Innolux Corp.*, No. SACV 12-21-JST, 2012 U.S. Dist. LEXIS 186322, at \*4–5 (C.D. Cal. Dec. 19, 2012) (order granting stay despite being ten months into litigation, with trial date set and advanced discovery, because “there is more work ahead of the parties and the Court than behind the parties and the Court”); *Tierravision, Inc. v. Google, Inc.*, No. 11-cv-2170 DMS, 2012 U.S. Dist. LEXIS 21463, at \*5 (S.D. Cal. Feb. 21, 2012) (granting stay where *Markman* briefs were soon due and parties had exchanged proposed claim constructions).

<sup>23</sup> *SoftView LLC v. Apple Inc.*, No. 10-389-LPS, 2012 WL 3061027, at \*4 (D. Del. July 26, 2012) (holding that stage of litigation factor did not favor a stay because filed one year after litigation commenced); *see also Dane Techs., Inc. v. Gatekeeper Sys., Inc.*, No. 0:12-cv-02730-ADM, 2013 WL 4483355, at \*2 (D. Minn. Aug. 20, 2013) (order denying stay because the defendants waited seven months into litigation before seeking IPR); *Nat’l Oilwell Varco, L.P. v. Omron Oilfield & Marine, Inc.*, No. 1:12-cv-00773-SS, 2013 WL 6097571 (W.D. Tex. June 10, 2013) (order denying motions to stay); *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, No. 3:11-cv-06391-SI (N.D. Cal. June 11, 2013) (order denying motions to stay).

<sup>24</sup> *Ambato Media, LLC v. Clarion Co.*, No. 2:09-cv-242-JRG, 2012 U.S. Dist. LEXIS 7558, at \*5 (E.D. Tex. Jan. 23, 2012) (“[W]hen a case is stayed, ‘witnesses may become unavailable, their memories may fade, and evidence may be lost while the PTO proceedings take place.’”) (citation omitted); *VirtualAgility, Inc. v. Salesforce.com, Inc.*, No. 2:13-cv-00011-JRG, 2014 U.S. Dist. LEXIS 2286, at \*24–25 (E.D. Tex. Jan. 8, 2014), *rev’d*, 759 F.3d 1307 (Fed. Cir. 2014) (“The possibility of witness loss is heightened in this case because certain identified witnesses are of an advanced age.”).

<sup>25</sup> 759 F.3d at 1319.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

Such concerns are further attenuated given PTAB review deadlines. Formerly, USPTO reexamination proceedings could take many years (and thus stays may have lasted as long), but PTAB proceedings lessen the risk of evidence loss since they must be completed by statute within 12-18 months.

**b. Status of parties as competitors may weigh against a stay**

While there is a preference for efficient and expedient carriage of justice in any legal dispute, including patent infringement litigation, delay may be particularly prejudicial when the parties are competitors in the market. In considering the third prong of the stay analysis, courts often look to whether the litigants are direct competitors, determining that competitors should not be delayed in establishing their right to exclude infringers.<sup>28</sup> Courts have even considered lost market share and revenue an “irreparable injury” that weighs heavily against a stay delaying the outcome of infringement proceedings.<sup>29</sup>

In *VirtualAgility*, however, the Federal Circuit found that evidence of direct competition must be clear, and it alone may not necessarily tip the scales in favor of a stay, partly because there, “[a] stay will not diminish the monetary damages to which [the patent owner] will be entitled if it succeeds in its infringement suit—it only delays realization of those damages and delays any potential injunctive remedy. . . . Although this is not dispositive, we note that [the patent owner] did not move for a preliminary injunction . . . .”<sup>30</sup> While the potential for delay in enforcing a right to exclude is usually not enough on its own to establish prejudice sufficient to deny a stay,<sup>31</sup> evidence that the parties are direct competitors generally weighs against granting a stay.

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<sup>28</sup> *Davol, Inc. v. Atrium Med. Corp.*, No. 12-958-GMS, 2013 U.S. Dist. LEXIS 84533, at \*19 (D. Del. June 17, 2013) (denying stay and finding that “Davol will suffer undue prejudice should it be forced to continue competing with Atrium’s accused products without being permitted to advance its infringement claims”); *Avago Techs. Fiber IP (Singapore) Pte. Ltd. v. IPtronics Inc.*, No. 10-CV-02863-EJD, 2011 U.S. Dist. LEXIS 82665, at \*16 (N.D. Cal. July 28, 2011) (“Staying a case while [harm in the marketplace] is ongoing usually prejudices the patentee that seeks timely enforcement of its right to exclude.”); *Heraeus Electro-Nite Co. v. Vesuvius USA Corp.*, No. 09-2417, 2010 U.S. Dist. LEXIS 1887, at \*3 (E.D. Pa. Jan. 11, 2010) (“[C]ourts have been reluctant to grant stays where, as here, the parties are direct competitors.”).

<sup>29</sup> *See VirtualAgility, Inc. v. Salesforce.com, Inc.*, No. 2:13-cv-00011-JRG, 2014 U.S. Dist. LEXIS 2286, at \*18–20 (E.D. Tex. Jan. 9, 2014), *rev’d*, 759 F.3d 1307 (Fed. Cir. 2014) (“Given that the patentee ‘could lose market share—potentially permanently—during the stay, . . . while the alleged infringer continues to sell the competing products,’ such loss constitutes an irreparable injury not compensable by money damages.” (citation omitted)).

<sup>30</sup> *VirtualAgility*, 759 F.3d at 1307, 1318–19.

<sup>31</sup> *Neste Oil Oyj v. Dynamic Fuels, LLC*, No. 12-662-GMS, 2013 WL 424754, at \*2 (D. Del. Jan. 31, 2013) (finding that “the potential for delay does not, by itself, establish *undue* prejudice,” and that concerns about direct competitiveness were not persuasive in that case); *Capriola Corp. v. LaRose Indus., LLC*, No. 8:12-cv-2346-T-23TBM, 2013 U.S. Dist. LEXIS 65754, at \*4–6 (M.D. Fla. Mar. 11, 2013) (staying litigation notwithstanding that the parties directly competed in the market).

**c. Delays in the post-grant proceeding may weigh against a stay**

The time limits prescribed by the AIA for PTAB reviews are between 12 and 18 months (one year plus a possible six months for good cause, or as needed in the case of joinder). Only a handful of district courts and the USITC are typically that fast. But courts should bear in mind that there is occasionally pre-institution delay, joinder may delay scheduling, and after the PTAB's final written opinion, the AIA also contemplates an optional request for rehearing period, followed by a direct appeal to the Federal Circuit, with an average time to final disposition of ten to twelve months, which may be extended through procedural mechanisms.<sup>32</sup> While estoppel for IPR and PGR proceedings attaches with the PTAB's written decision,<sup>33</sup> the average post-grant proceedings will not be fully resolved for two to three years, something the courts may consider in considering whether to stay.

Courts note that “waiting for the administrative process to run its course” often “risks prolonging the final resolution of the dispute and thus may result in some inherent prejudice to the plaintiff.”<sup>34</sup> While this potential for delay “by itself” does not tend to establish undue prejudice, it could be an important consideration.<sup>35</sup>

**B. IMPACT OF *SAS* AND APPLICATION OF *PHILLIPS* CLAIM CONSTRUCTION STANDARD IN PTAB PROCEEDINGS ON MOTIONS TO STAY**

As outlined above, district courts consider a number of factors to determine whether to grant a stay including examining whether a stay will simplify the issues in the litigation.<sup>36</sup> In recent years, district court stay rates have increased significantly.<sup>37</sup> These increases are likely due in part to the all-or-nothing institution approach now required under the Supreme Court's decision in *SAS Inst. v. Iancu*<sup>38</sup> and the PTAB's adoption of the *Phillips* standard<sup>39</sup> for claim construction.

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<sup>32</sup> Rehearing is also an option under the regulations at 37 C.F.R. § 42.71(d)(2).

<sup>33</sup> *Id.* § 42.73(d).

<sup>34</sup> *See* Market-Alerts Pty. Ltd. v. Bloomberg Fin. L.P., 922 F. Supp. 2d 486, 494 (D. Del. 2013).

<sup>35</sup> *Neste Oil*, 2013 WL 424754, at \*2 (finding that “the potential for delay does not, by itself, establish *undue* prejudice”); *VirtualAgility, Inc. v. Salesforce.com, Inc.*, No. 2:13-cv-00011-JRG, 2014 WL 94371, at \*7 (E.D. Tex. Jan. 9, 2014), *rev'd*, 759 F.3d 1307 (Fed. Cir. 2014).

<sup>36</sup> *See* *British Telecomms. PLC v. IAC*, No. 18-366-WCB, 2020 WL 5517283, at \*2-10 (D. Del. Sept. 11, 2020) (citing cases); *Cynwee Group Ltd. v. Samsung Elecs. Co. Ltd.*, No. 2:17-cv-00140-WCB-RSP, 2019 WL 11023976, at \*2-10 (E.D. Tex. Feb. 14, 2019) (citing cases).

<sup>37</sup> *See* Forrest McClellan et al., *How Increased Stays Pending IPR May Affect Venue Choice*, Law360 (Nov. 15, 2019), available at <https://www.law360.com/articles/1220066/how-increased-stays-pending-ipr-may-affect-venue-choice>.

<sup>38</sup> 138 S. Ct. 1348 (2018).

<sup>39</sup> *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc).

## 1. Impact of the *SAS* decision on district court stays of litigation

On April 24, 2018, the Supreme Court decided *SAS* and overruled prior PTAB practice allowing partial institution of IPR proceedings on fewer than all challenged claims or grounds, holding that an IPR petitioner is “entitled to a final written decision addressing all of the claims it has challenged.”<sup>40</sup> Partial institution reduced the likelihood of a stay because, whatever the outcome of the IPR proceeding, some asserted claims would remain for the district court to decide, making it less likely that a final written decision by the PTAB would simplify the issues in the litigation.

Post-*SAS* district court decisions anecdotally suggest that courts are more willing to grant a motion to stay now that the PTAB must address all challenged claims if an IPR is instituted. In *Nichea Corp. v. Vizjo, Inc.*, for example, the court found that the potential for simplification of the issues favored a stay, observing that “with the PTAB taking the new all-or-nothing approach to institution decisions, there’s no concern about the PTAB picking and choosing certain claims or certain invalidity grounds from each petition.”<sup>41</sup> Likewise, in *Zomm, LLC v. Apple Inc.*, the court stated “given that the [PTAB] must now issue final written decisions as to every ground raised in the instituted petition under recent Supreme Court case law, there is a real possibility that the IPR process will simplify the case.”<sup>42</sup>

Indeed, “the arguments for a stay pending institution and/or completion of an IPR have been *strengthened* by recent changes in the law: namely, institution must be on all or none of the claims on which IPR is sought . . . .”<sup>43</sup> In view of *SAS*, courts have recognized that “the PTAB will provide a more robust record that considers the scope and meaning of the claims, clarifies claim construction issues, and is preclusive on issues of patent validity.”<sup>44</sup> Thus, staying a case “pending the outcome of the PTAB’s review of the claims” may provide “‘invaluable assistance’ to the [courts].”<sup>45</sup>

Some district courts have gone further and relied on *SAS* to justify stays before institution of PTAB proceedings. For example, in *Wi-LAN, Inc. v. LG Elecs., Inc.*, the court explained that, “[w]hile review is not guaranteed and, therefore, the benefits of review are only speculative at this juncture, in light of the Supreme Court’s mandate to review all contested claims upon grant of IPR and the complexity of this case,” the potential for simplification of the issues “weighs in favor of a limited stay of proceedings until the PTO issues its decisions on whether to institute IPR.”<sup>46</sup> Similarly, in *Lund Motion Prods., Inc. v. T-Max Hangzhou Tech. Co., Ltd.*, the court stated that a “stay pending the PTO’s decision to institute IPR also has the potential to simplify the issues in question

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<sup>40</sup> *SAS Inst.*, 138 S. Ct. at 1359.

<sup>41</sup> No. SACV 18-00362 AG (KESx), 2018 WL 2448098, at \*3 (C.D. Cal. May 21, 2018).

<sup>42</sup> 391 F. Supp. 3d 946, 957 (N.D. Cal. 2019).

<sup>43</sup> *RetailMeNot, Inc. v. Honey Sci. LLC*, No. 18-937-CFC-MPT, 2020 WL 373341, at \*3 (D. Del. Jan. 23, 2020) (emphasis in original).

<sup>44</sup> *PopSockets LLC v. Quest USA Corp.*, No. 17-CV-3653 (FB) (CLP), 2018 WL 5020172, at \*2 (E.D.N.Y. Sept. 12, 2018), *report and recommendation adopted*, No. 17-CV-3653 (FB) (CLP), 2018 WL 4660374 (E.D.N.Y. Sept. 28, 2018).

<sup>45</sup> *Id.* at \*3.

<sup>46</sup> No.: 3:17-cv-00358-BEN-MDD, 2018 WL 2392161, at \*2 (S.D. Cal. May 22, 2018).

in this case.”<sup>47</sup> There, because the defendants’ IPR petitions covered every claim of three of the four patents at issue in the litigation, the court observed that “if the PTO grants Defendants’ petitions, the PTO will have to address all of the claims in those three patents.”<sup>48</sup>

However, not all courts have found the PTAB’s binary approach to institution to weigh in favor of a stay following *SAS*. For example, in *Peloton Interactive, Inc. v. Flywheel Sports, Inc.*, the court reasoned that a stay was unlikely to simplify the issues because *SAS* “precluded the PTAB from instituting IPRs for only a portion of the patent claims, so any institution decision occurring after *SAS* provides a weaker inference that the PTAB will determine that all challenged claims are unpatentable.”<sup>49</sup> The court explained that “[w]hen the PTAB decides to institute review after *SAS*, it must institute review for all challenged claims even if the PTAB concludes at the petition stage that the petitioner did not show a reasonable likelihood that it would prevail for some challenged claims.”<sup>50</sup>

## **2. Impact of application of *Phillips* claim construction standard to district court stays of litigation**

In November 2018, the U.S. Patent and Trademark Office replaced the “broadest reasonable interpretation” standard previously applied at the PTAB with the *Phillips* standard.<sup>51</sup> Just as *SAS* in some cases strengthened the arguments for a stay pending IPR, so too did the PTAB’s adoption of the *Phillips* standard.<sup>52</sup> Some district courts looked to the PTAB’s guidance on claim construction as a basis to stay litigation pending PTAB proceedings. For example, in *Russo Trading Co., Inc. v. Donnelly Distrib. LLC*, the court, recognizing that the PTAB would apply the same claim construction standard as it would, stated that “the PTAB’s claim construction rulings would inform the analysis required of the Court in this case, should it continue.”<sup>53</sup>

In the pre-institution context, courts recognize that the potential for simplification still depends on whether the PTAB institutes review in the first place. For example, in *Uniloc USA Inc. v. LG Elecs. U.S.A. Inc.*, the defendants pointed out that, “as of November 13, 2018, the PTAB employs ‘the same claim construction standard that would be used to construe the claim in a civil action’ before this Court, . . . rather than the ‘broadest reasonable construction’ standard that previously governed IPR proceedings.”<sup>54</sup> The defendants there reasoned that, as a result, “the

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<sup>47</sup> No. SACV 17-01914-CJC-JPR, 2019 WL 116784, at \*2 (C.D. Cal. Jan. 2, 2019).

<sup>48</sup> *Id.*

<sup>49</sup> No. 2:18-cv-00390-RWS-RSP, 2019 WL 3826051, at \*2 (E.D. Tex. Aug. 14, 2019).

<sup>50</sup> *Id.*

<sup>51</sup> 37 C.F.R. § 42.100(b); Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 51,340 (Oct. 11, 2018).

<sup>52</sup> *RetailMeNot*, 2020 WL 373341, at \*3 (D. Del. Jan. 23, 2020) (“[T]he arguments for a stay pending institution and/or completion of an IPR have been *strengthened* by recent changes in the law: . . . claim construction undertaken by the [PTAB] is now conducted according to the same legal standards [district courts] must apply.” (emphasis in original)).

<sup>53</sup> No. 18-CV-1851-JPS, 2019 WL 1493228, at \*2 (E.D. Wis. Apr. 4, 2019).

<sup>54</sup> No. 18-cv-06737-JST, 2019 WL 1905161, at \*4 (N.D. Cal. Apr. 29, 2019).

PTAB's claim construction in those proceedings will be even more instructive.”<sup>55</sup> While acknowledging that the PTAB's new claim construction standard “appear[s] to enhance the potential for IPR proceedings to simplify litigation,” the court explained that “this benefit still hinges on the PTO's forthcoming decisions whether to *actually institute* IPR.”<sup>56</sup>

### C. ANALYSIS OF RECENT DECISIONS AND TRENDS IN MOTIONS TO STAY

- Courts have recently stayed cases in view of *ex parte* reexaminations.
  - See, e.g., *AGIS Software Development LLC v. Google et al.*, Case 2:19-cv-00361-JRG, Dkt. 219 (E.D. Tex. Feb. 9, 2021) – granting defendants' motion to stay where the USPTO found substantial new questions of patentability as to each of the asserted claims in the patents-in-suit, even after discovery was complete, pretrial briefing submitted, and jury selection pending.
  - See also *Ramot at Tel Aviv University Ltd. v. Cisco Systems, Inc.*, 2:19-cv-00225-JRG (E.D. Tex. 2019)
    - Ramot sued Cisco on three patents in June 2019—Cisco filed IPR petitions challenging the patents in November 2019 and January 2020. The PTAB denied the petitions under § 314(a), relying on the litigation's anticipated trial date in December 2020 as compared to the PTAB's statutory deadlines in May 2021 and August 2021. IPR2020-00122, Paper 15, pp. 7-8; IPR2020-00123, Paper 14, pp. 7-8; IPR2020-00484, Paper 10, pp. 7-8. But after denial, Cisco filed *Ex Parte* Reexaminations challenging validity of the patents in suit, and after reexamination was ordered, office actions issued rejecting all asserted claims. *Ramot*, Dkt. 235, pp. 1-3. Thus, the litigation court granted a stay pending resolution of the reexaminations in January 2021. *Id.* When the stay issued, trial had been delayed from December 2020 to March 2021.
  - *Wi-LAN Inc. v. Huizhou TCL Mobile Comm'n Co., Ltd.*, No. 8:19-cv-00870, ECF No. 86 (C.D. Cal. Oct. 15, 2020) – stay remained in place where IPRs were denied, but *ex parte* reexam proceedings were still pending.
- Increased importance of the district court's decision to stay (or not to stay) on IPR proceedings
  - See *Apple, Inc. v. Fintiv*, IPR2020-00019, Paper 15 at 7-8 (PTAB May 13, 2020) – i.e., whether a court decides to grant a stay can have a significant impact on the Board's decision to institute a proceeding.
- The Federal Circuit has denied granting writs of mandamus regarding motions to stay
  - While the Federal Circuit has granted several writs of mandamus regarding motions to transfer in the Western District of Texas, it has similarly declined to do the same for motions to stay. See *In re Sand Revolution LLC*, No. 20-145, ECF No. 15 (Fed. Cir. Sept. 28, 2020) (Reyna, joined by Wallach and Chen). In *In re Sand Revolution*, the Federal Circuit denied a writ of mandamus on a

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<sup>55</sup> *Id.*

<sup>56</sup> *Id.* (emphasis in original).

post-institution motion for a stay pending IPR. Although the Court characterized the stay as cursory, the Court was “unable to stay that the district court clearly overstepped its authority or that [Defendant] has shown a clear and indisputable right to a stay under the circumstances presented.”

- Courts remain split on granting stays in view of pre-institution IPRs
  - *Becon Medical, Ltd. v. Bartlett*, No. 18-4169, ECF No. 110 (E.D. Pa. Dec. 17, 2019) – pre-instituted stay denied
  - *QXMédical, LLC v. Vascular Solutions, LLC*, No. 17-cv-01969, ECF No. 194 (D. Minn. Dec. 26, 2019) – pre instituted stay granted in view of third-party IPRs
  - *RetailMeNot, Inc. v. Honey Sci. LLC*, No. 1:18-cv-00937, ECF No. 218 (D. Del. Jan. 23, 2020) – stay granted prior to institution based on an office action in a co-pending continuation
  - *NCR Corp. v. Lighthouse Consulting Grp.*, No. 2:19-cv-00392-JRG, ECF No. 392 (E.D. Tex. Apr. 27, 2020) – unopposed pre-institution motion to stay denied without prejudice
  - *Epic Tech, LLC v. Pen-Tech Assocs., Inc.*, No. 1:20-cv-02428-MHC, ECF No. 22 (N.D. Ga. Sept. 28, 2020) – pre-institution stay granted due because IPR petition “was filed almost immediately,” no case events had occurred, and the stay would be short if the PTAB denied institution.
- When a defendant resists efforts to advance litigation, a Court may be less likely to grant a stay
  - *No Spill, Inc. v. Scepter Canada, Inc.*, No. 2:18-cv-02681, ECF No. 93 (D. Kan. March 31, 2020)
- Courts remain reluctant to lift stays, even when plaintiff contends to proceed on claims not-at-issue in post-grant proceedings, or when the Board states certain claims are unlikely to prevail at institution
  - *IOEngine, LLC v. PayPal Holdings, Inc.*, 1:18-cv-00452, ECF No. 128 (D. Del. Jan. 27, 2020) – institution decision holding certain claims unlikely to prevail did not justify lifting stay.
  - *Trusted Knight Corp. v. Int’l Bus. Machs. Corp.*, No. 3:19-cv-01206-EMC, ECF No. 112 (N.D. Cal. Aug. 31, 2020) – stay granted even when plaintiff alleged it would add asserted claims
- Whether all asserted claims are challenged, and the timing of the trial date, remain two important factors in obtaining a stay
  - *Oyster Optics, LLC v. Infinera Corp.*, No. 2:19-cv-0025, ECF No. 87 (E.D. Tex. July 17, 2020) – denying motion to stay where the FWD would fall after the trial date and will address less than all asserted claims.
  - *Kerr Machine Co. v. Vulcan Indus. Holdings, LLC*, No. 6:20-cv-00200, Text Order (W.D. Tex. Aug. 2, 2020) – denying motion to stay because the trial will occur before the Board’s FWD.
- COVID-19 related delays favor granting motions to stay, but has not been dispositive
  - *DivX, LLC v. Netflix, Inc.*, No. 2:19-cv-01602 (C.D. Cal. May 11, 2020) – granting stay pre-institution and considering COVID-19 as part of the “stage of proceedings” analysis

- *Sherwood Sending Solutions LLC v. Henny Penny Corp.*, No. 3:19-cv-00366 (S.D. Ohio Apr. 28, 2020) – granting stay and using COVID-19 during the “undue prejudice” analysis
- *Maxell, Ltd. v. Apple Inc.*, No. 5:19-cv-00003 (E.D. Tex. Apr. 27, 2020) – denying motion to stay due to accelerated stage of the case, despite COVID-19 delays
- Stays have continued during the appeal phase from an IPR proceeding
  - *G.W. Lisk Co., Inc. v. Gits Mfg. Co.*, No. 4:17-cv-273-SMR-CFB (S.D. Iowa) – stay remained in place even where PTAB had found claims patentable

## D. CONSIDERATIONS FOR LIFTING A MOTION TO STAY

### 1. Appeals from PTAB or ITC

When requesting to lift a stay by contested motion, the movant must keep in mind the forum in which the parallel proceeding on which the stay was based is pending and the type of stay put into place. Stays based on patent claims that are subject to a parallel proceeding at the ITC are statutorily required of the district court once timely requested by a respondent.<sup>57</sup> The district court will retain discretion on whether to stay a matter as to any other patents or claims not subject to an ITC investigation, but it must grant a stay over those claims subject to the investigation. That statute requires any such stay remain in place “until the determination of the Commission becomes final.”<sup>58</sup> A determination of the Commission does not become final until the time for appeal has expired or, if a party does appeal, the appeal becomes final.<sup>59</sup> A statutory stay based on a parallel ITC proceeding thus cannot be lifted until then.<sup>60</sup> On the other hand, because such a stay is based in statute, a party should timely move to lift it when the Commission’s determination does become final.

Unlike stays granted for parallel proceedings at the ITC, stays granted for parallel proceedings at the PTAB are entirely discretionary. Following the final written decision from the Board, should any of the claims survive, some courts will lift a stay while an appeal is pending. Those courts have analyzed both the simplification factor and the undue prejudice factor to weigh against maintaining the stay because at that point, the factors are contingent on the mere possibility

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<sup>57</sup> 28 U.S.C. § 1659(a).

<sup>58</sup> *Id.*

<sup>59</sup> *See In re Princo Corp.*, 478 F.3d 1345, 1348 (Fed. Cir. 2007).

<sup>60</sup> At least one district court has held that even when no party is likely to appeal an issue from an ITC proceeding, the appeals period must still run before the stay can be lifted. *See Kirsch Research & Dev., LLC v. DuPont De Nemours, Inc., et al.*, No. 5:20-cv-00057, ECF No. 155 (E.D. Tex. Jan. 24, 2021). In *Kirsch*, the plaintiff had pulled its complaint at the ITC following an unfavorable claim construction and moved to lift the stay at the district court after the Commission issued its final determination. Neither party argued that no appeal could be filed, only that it was unlikely that any issue would be appealed, and the period for which such action could occur would not run for 60 days. In view of this, the court interpreted that statute to require the stay to remain in place until that 60-day period had run. Plaintiffs in similar situations should either wait for any appeals period to run before requesting a stay be lifted or be prepared to argue why the Commission decision is final (see, for example, *infra* Section VII.C.2).

that the Federal Circuit will overturn the PTAB's decision.<sup>61</sup> Courts in districts with more liberal views on staying cases to begin with, however, may analyze these factors differently.<sup>62</sup>

## 2. Subsequent requests for reexamination or other post-grant challenges

Once a stay is in place, subsequent challenges at the PTAB may factor into a court's decision on whether to lift the stay following unsuccessful challenges that such a stay was predicated on. Certain courts have left stays in place when subsequent challenges have been requested and remain pending. For example, in *Wi-LAN Inc. v. Huiyehou TCL Mobile Comm'n Co., Ltd.*, the district court stayed the case after the defendants filed IPR petitions on the three patents in suit.<sup>63</sup> The PTAB later denied institution on all three petitions, leading the defendants to request a rehearing for one patent and EPRs on the other two patents.<sup>64</sup> The plaintiff then moved to lift the stay in the district court proceeding.<sup>65</sup> The *Wi-LAN* court denied the motion, finding that all three factors in the analysis still weighed in favor of continuing the stay: (1) the stage of litigation was in its early phases at the time the stay was put in place; (2) the issues could still be simplified and judicial resources saved as a result of the subsequent challenges since the arguments in the EPRs were considerably different than in the failed, prior IPRs; and (3) there was no undue prejudice to continuing the stay because the patent holder was not a competitor of the accused infringers, and the court did not find the defendant's timing in filing the subsequent challenges to be dilatory.<sup>66</sup> Other courts that have denied lifting stays in this same procedural posture have similarly focused on whether the district court proceeding is in its earliest stages, how the new challenges could simplify the issues in the case, and whether the parties are competitors.<sup>67</sup>

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<sup>61</sup> See *General Access Sols., LTD. v. Virgin Mobile USA, L.P., et al.*, No. 2:16-cv-465, ECF No. 53 (E.D. Tex. Jan. 10, 2020). In *General Access*, the court found that any simplification of the issue at that point was "far too speculative to be given significant weight"; that it was prejudicial to continue the stay for a considerable length of time "waiting on the mere possibility" of a Federal Circuit reversal; and that the stage of the case the matter was proceeding post-stay was neutral. *Id.* at 2–3.

<sup>62</sup> See *G.W. Lisk Co., Inc. v. Gits Mfg. Co.*, No. 4:17-cv-273-SMR-CFB, ECF No. 70 (S.D. Iowa Dec. 4, 2020) (ordering the stay remain in place because a Federal Circuit opinion could simplify the issues and the proceeding was only in its initial stages when the stay was put in place, despite finding that there was some prejudice to continuing the stay).

<sup>63</sup> *Wi-LAN Inc. v. Huiyehou TCL Mobile Comm'n Co., Ltd.*, No. 8:19-cv-00870, 2020 WL 6193311 (C.D. Cal. Oct. 15, 2020). The Central District of California has "a liberal policy in favor of granting motions to stay proceedings pending the outcome of re-examination, especially in cases that are still in the initial stages of litigation and where there has been little or no discovery." *Id.* at \*1 (quoting *Limestone v. Micron Technology*, 2016 WL 3598109, at \*2 (C.D. Cal. Jan. 12, 2016)).

<sup>64</sup> *Id.* at \*1.

<sup>65</sup> *Id.*

<sup>66</sup> *Id.* at \*2–3.

<sup>67</sup> See *Robert Bosch Healthcare Systems, Inc. v. Cardiocom LLC*, No. 14-cv-01575-EMC, 2017 WL 6939167 (N.D. Cal. Mar. 16, 2017) (denying lifting a stay where the two remain patents at issue had survived IPR proceedings on what the court considered procedural grounds and were now under EPRs where an initial office action had issued rejecting all claims, finding that the case was in its earliest stages when the stay

However, other courts will not continue stays for subsequent challenges. For example, in *IXI Mobile (R&D) Ltd. v. Samsung Electronics Co. Ltd.*, the district court issued a stay after the defendants filed IPR petitions on the three patents at issue.<sup>68</sup> Only one claim survived the IPR proceedings and the defendants requested an EPR on that remaining claim, which was granted; concurrently, in another EPR proceeding regarding one of the patents invalidated in the IPR proceedings, the patent was reissued with an entirely new set of claims, which the defendants immediately filed IPRs on.<sup>69</sup> Under this procedural posture, the plaintiff moved to lift the stay in the district court proceeding.<sup>70</sup> The *IXI Mobile* court granted the motion to lift the stay, stating that the IPRs the stay was based on had concluded and that the court was “not persuaded that a continued stay [was] likely to simplify the issues in the case in a timely manner,” as the parallel proceedings at the PTAB and PTO had already taken more than three years.<sup>71</sup>

But in district courts that are less likely to stay cases to begin with, this procedural posture is less likely to arise, and serial IPR and EPR challenges to a patent will be dealt with in a different manner. For example, in the Eastern District of Texas, “motions to stay are considered on a case-by-case basis and there exists no policy in this Court to routinely grant such motions.”<sup>72</sup> Courts in the Eastern District of Texas being less likely to stay a case for an IPR petition or proceeding to begin with means that if the IPR fails, there is no stay to lift should a party subsequently request an EPR. For example, in *AGIS Software Development LLC v. Google LLC*, the district court denied as premature an initial motion to stay when institution decisions regarding IPRs and EPRs on all the patents in suit were pending, instead waiting to stay the case based on a renewed motion to stay filed after the PTO issued initial office actions in the EPRs rejecting all the claims in suit as anticipated and obvious.<sup>73</sup> The *AGIS* court later lifted the stay when the EPRs were completed and

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was initially put in place, all claims at issue had been rejected, and the patents were expired, so the parties no longer competed in the market place).

<sup>68</sup> *IXI Mobile (R&D) Ltd. v. Samsung Electronics Co. Ltd.*, No. 15-cv-03752-HSG, 2019 WL 1756353 (N.D. Cal. Apr. 19, 2019).

<sup>69</sup> *Id.* at \*1.

<sup>70</sup> *Id.*

<sup>71</sup> *Id.* at \*2.

<sup>72</sup> See, e.g., *Eon Corp. IP Holdings, LLC v. Skytel Corp.*, No. 6:08-cv-385, 2009 WL 8590963, at \*4 (E.D. Tex. Apr. 29, 2009); see also *AGIS Software Development LLC v. Google LLC*, No. 2:19-cv-361-JRG, 2021 WL 465424, at \*2 (E.D. Tex. Feb. 9, 2021) (“It has been this Court’s consistent and long established practice to deny motions to stay pending IPR and EPR when the PTAB or PTO have instituted review on less than all asserted claims of all asserted patents because at least one or more originally asserted claims will be unaffected by the outcome of those parallel proceedings and left intact before this Court to be tried.”).

<sup>73</sup> *AGIS Software Development LLC v. Google LLC*, No. 2:19-cv-361-JRG, 2021 WL 465424 (E.D. Tex. Feb. 9, 2021) (finding that “[s]ince all the asserted claims of all Asserted Patents, pending before this Court, are now subject to granted EPRs the prejudice to AGIS is outweighed by the benefit of such parallel review,” as the claims as originally filed were unlikely to remain in the case as such). See also *Ramot at Tel Aviv Univ. Ltd. v. Cisco Sys., Inc.*, No. 2:19-cv-225, 2021 WL 121154 (E.D. Tex. Jan. 13, 2021) (staying the case after the PTO had rejected all asserted claims of the patents in suit and thus the EPRs had “now progressed past the point of speculation,” after having previously denied two motions to stay, first when IPR petitions were pending and second when there were office actions rejecting the claims in only two of the

reexamination certificates for the patents issued over the defendant's argument that a subset of the patents in suit were still subject to four pending IPR rehearing proceedings and that the stay should continue until such proceedings were resolved.<sup>74</sup> The *AGIS* court found that the prejudice of maintaining a stay outweighed the benefits of waiting to see how, or even if, the PTAB would resolve the defendant's requests for rehearing.<sup>75</sup>

Key factors in dealing with successive challenges to a patent thus remain whether all claims asserted at the district court are under review, where the claims under review at the PTAB and PTO are in that process, how far along the district court proceeding is, and whether the district court thinks there is prejudice to the patent holder based on either competitor status between the parties or that defendants are engaging in litigation gamesmanship.

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three pending EPRs); *Maxell, Ltd. v. Apple Inc.*, No. 5:19-cv-00036, ECF No. 662 (E.D. Tex. Mar. 15, 2021) (denying a stay on the eve of trial where the patent claims at issue were under a combination of IPR review and the defendant had filed requests for EPRs on patents for which the IPRs had been denied).

<sup>74</sup> *AGIS Software Development LLC v. Google LLC*, No. 2:19-cv-361-JRG, 2022 WL 538967 (E.D. Tex. Jan. 28, 2022).

<sup>75</sup> *Id.* at \*2.

### ***III. Accelerated and Conflicting Trial Scheduling***

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#### **A. ANALYSIS OF RULES AND STANDING ORDERS**

##### **1. District of Delaware**

The District of Delaware has not enacted a uniform set of local patent rules governing the timing and substance of key disclosures and other procedures in patent cases. And none of the Court's local rules is specific to patent actions, aside from Local Rule 3.2, which requires copies of the asserted patents to be attached and filed with the complaint.

Patent litigation procedure in the District of Delaware is instead generally controlled or influenced by judges' and magistrates' individual practices, including their respective model patent case scheduling orders and by default standards for discovery. Model scheduling orders are accessible on each judge's individual web page.

##### **2. Western District of Texas**

The Western District of Texas has no official local patent rules and none of the Court's local rules is specific to patent actions.

Following the Western District's Standing Order Assigning the Business of the Court, Hon. Alan. D. Albright handles all cases and proceedings in the court's Waco Division.<sup>76</sup> Judge Albright, a former patent litigator, has released a proposed scheduling order<sup>77</sup> and a series of standing orders related to patent cases, including: 1) a standing order regarding court docket management, released August 5, 2019;<sup>78</sup> 2) a standing order regarding patent/trademark cases, released November 22, 2019;<sup>79</sup> 3) an amended standing order regarding venue and jurisdictional discovery limits for patent

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<sup>76</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/District/Amended%20Order%20Assigning%20Business%20of%20the%20Court%20030821.pdf>

<sup>77</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Proposed%20Scheduling%20Order%20for%20U.S.%20District%20Judge%20Albright.pdf>

<sup>78</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Order%20Regarding%20Court%20Docket%20Management%20for%20Waco%20Division%20060820.pdf>

<sup>79</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Standing%20Order%20Regarding%20Patent%20Trademark%20Cases%20112219.pdf>

cases, released June 8, 2021;<sup>80</sup> 4) a standing order for discovery hearings in patent cases, released June 17, 2021;<sup>81</sup> 5) a second amended standing order regarding motions for inter-district transfer, released August 18, 2021;<sup>82</sup> 6) a standing order regarding notice of readiness for patent cases, released March 7, 2022;<sup>83</sup> and 7) a standing order governing proceedings (OGP) for patent cases, released March 7, 2022<sup>84</sup>. As the sole judge handling Waco Division cases, Judge Albright's standing orders and procedures govern all patent cases that are filed and litigated in that division.

Judge Albright's OGP evinces a particular interest in parallel IPR proceedings and requires plaintiffs to file a notice informing the Court when an IPR is filed, the expected time for an institution decision, and the expected time for a final written decision, within two weeks of the IPR filing.<sup>85</sup>

### 3. Eastern District of Texas

The Eastern District of Texas has adopted Rules of Practice for Patent Cases<sup>86</sup> that apply to all patent cases involving utility patents, including Hatch-Waxman Act litigation and declaratory judgment actions.

Several Eastern District judges have standing orders or model orders that supplement or modify the local patent rules. Each judge's individual practices and standing orders are available on the court's website. In addition, the Eastern District has released a Model Order Focusing Patent Claims and Prior Art to Reduce Costs,<sup>87</sup> which supplements all other discovery rules and orders. The model order requires the party claiming infringement and the accused infringer to limit the number of asserted claims and prior art references. Finally, the Eastern District's Track B Initial Patent Case

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<sup>80</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Amended%20Standing%20Order%20Regarding%20Venue%20and%20Jurisdictional%20Discovery%20Limits%20for%20Patent%20Cases%20060821.pdf>

<sup>81</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Standing%20Order%20for%20Discovery%20Hearings%20in%20Patent%20Cases%20061721.pdf>

<sup>82</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Second%20Amended%20Standing%20Order%20Regarding%20Motions%20For%20Inter-District%20Transfer%20081821.pdf>

<sup>83</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Standing%20Order%20Regarding%20Notice%20of%20Readiness%20for%20Patent%20Cases%20030722.pdf>

<sup>84</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Standing%20Order%20Governing%20Proceedings%20Patent%20Cases%20030722.pdf>

<sup>85</sup> *Id.* § IX.4.

<sup>86</sup> <https://www.txed.uscourts.gov/?q=patent-rules>

<sup>87</sup> <http://www.txed.uscourts.gov/sites/default/files/forms/ModelPatentOrder.pdf>

Management Order<sup>88</sup> provides an alternative fast track case management schedule for appropriate patent cases.

#### 4. California Districts

The Northern District of California<sup>89</sup> and Southern District of California<sup>90</sup> have adopted Patent Local Rules that apply to all cases involving utility patents. Several of the judges have standing orders specific to patent cases, which are available on the judges' website. In addition, the Northern District's website states that the Court participates in the national Patent Pilot Program. Although the national Patent Pilot Program sunsetted in 2021, the Court's General Order No. 67, providing procedures for assigning patent cases in the District, is still effective. Accordingly, the Northern District continues to follow the Patent Pilot Program after its expiration. The Southern District participated in the Patent Pilot Program while the program was active; but the General Order governing participation<sup>91</sup> has since been archived and no replacement order has issued.

Unlike the Northern District and Southern District, the Central District of California, another popular venue for patent cases, has not enacted a set of local patent rules. And only a few of the Court's local rules pertain to patent cases, albeit only in a minor way.<sup>92</sup> Several of the judges, however, have adopted standing orders and practices tracking the Northern District's Local Patent Rules. For example, Hon. Otis D. Wright, II, by a Patent Standing Order,<sup>93</sup> has adopted the Patent Local Rules of the Northern District of California. Hon. Josephine L. Staton's website states that her chambers follows a schedule similar to that imposed by the Northern District of California.<sup>94</sup> And Hon. James V. Selna's model Order Setting Rule 26(f) Scheduling Conference states that the "Court intends to follow the process outlined in the rules for patent cases which have been adopted by the Northern District of California."<sup>95</sup> In addition, like the Northern District, the Central District participated in the Patent Pilot Program through 2021 and elected to continue the Patent Pilot

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<sup>88</sup> <http://www.txed.uscourts.gov/sites/default/files/goFiles/14-03.pdf>

<sup>89</sup> <https://www.cand.uscourts.gov/rules/patent-local-rules/>

<sup>90</sup> [https://www.casd.uscourts.gov/\\_assets/pdf/rules/2021.07.5%20Local%20Rules.pdf](https://www.casd.uscourts.gov/_assets/pdf/rules/2021.07.5%20Local%20Rules.pdf)

<sup>91</sup> [https://www.casd.uscourts.gov/\\_assets/pdf/rules/General%20Order%20598-D.pdf](https://www.casd.uscourts.gov/_assets/pdf/rules/General%20Order%20598-D.pdf)

<sup>92</sup> L.R. 3-1 (requiring plaintiff to provide notice of lawsuit to USPTO at time of filing); L.R. 19-2 (addressing joinder of defendants in patent cases); L.R. 54-3.10(d) (file histories supplied by USPTO are taxable as costs); L.R. 83-1.3.1 (addressing requirement to file notice of related cases);

<sup>93</sup>

<https://www.cacd.uscourts.gov/sites/default/files/documents/ODW/AD/Patent%20Standing%20Order.pdf>

<sup>94</sup> <https://www.cacd.uscourts.gov/honorable-josephine-l-staton>

<sup>95</sup>

<https://www.cacd.uscourts.gov/sites/default/files/documents/JVS/AD/OrderSettingSchedConfRVSD.pdf>

Program after its expiration. General Order No. 21-11<sup>96</sup> expressly establishes a permanent Patent Program that supersedes the Court's participation in the national Patent Pilot Program.

## 5. ITC

The rules governing practice before the ITC are set out in various sections of Title 39 of the Code of Federal Regulations as follows:

- Rules of general application (19 C.F.R. §§ 201.1–.208);
- Rules for non-adjudicative investigations, including anti-dumping and countervailing duty investigations under Title VII of the Tariff Act of 1930 (19 C.F.R. §§ 202.1–207.120);
- Rules of procedure for Section 337 investigations (19 C.F.R. §§ 210.1–.79);
- Rules for applying the Equal Access to Justice Act (5 U.S.C. § 504) to Section 337 investigations (19 C.F.R. §§ 212.01–.29); and
- Rules governing the ITC's Trade Remedy Assistance Office established by Section 339 of the Tariff Act of 1930 (19 C.F.R. §§ 213.1–.6).

Each of the ITC's Administrative Law Judges (ALJs) also has his or her own detailed Ground Rules. The ALJs' ground rules supplement the ITC rules in 19 C.F.R. Part 210 and are intended to help the ALJ conduct the investigation consistently with those rules and with the Administrative Procedures Act. The ALJs' investigation-specific or most recent ground rules are available by searching the ITC's Electronic Document Information System.<sup>97</sup> In addition, the ITC's website links to documents defining its Rules of Practice and Procedure, as well as rules-related material, recent rules notices, and historical rules and related notices.<sup>98</sup>

## 6. PTAB

The rules in Title 37, Chapter I, Subchapter A, Part 41, Subparts A and D of the Code of Federal Regulations govern practice before the PTAB.<sup>99</sup> Between updates, interim changes to these rules are published in the Federal Register. The Consolidated Trial Practice Guide<sup>100</sup> provides additional practices before the Board during AIA trial proceedings, including IPRs, PGRs, CBM reviews (now sunsetted), and derivation proceedings. In addition, copies of precedential decisions establishing binding authority on the PTAB and non-precedential, informative decisions providing other norms and guidance relevant to practice before the PTAB are posted on the PTAB's website.<sup>101</sup>

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<sup>96</sup> <https://www.cacd.uscourts.gov/sites/default/files/general-orders/GO%2021-11.pdf>

<sup>97</sup> <https://edis.usitc.gov/external/>

<sup>98</sup> [https://www.usitc.gov/secretary/fed\\_reg\\_notices/rules\\_and\\_procedures](https://www.usitc.gov/secretary/fed_reg_notices/rules_and_procedures)

<sup>99</sup> 37 C.F.R. §§ 41.1–.20, 41.100–.158.

<sup>100</sup> <https://www.uspto.gov/sites/default/files/documents/tpgnov.pdf?MURL=>

<sup>101</sup> <https://www.uspto.gov/patents/ptab/precedential-informative-decisions>

## B. ANALYSIS OF RECENT TRENDS IN PATENT CASE FILINGS AT DISTRICT COURTS AND THE ITC

### 1. Benefits to patent owners in the ITC vs. district court

Patent holders have the option of choosing the forum in which to litigate and typically consider the ITC for the forum's timing and remedy.<sup>102</sup> At the district court, the time to trial will vary by district, but even in the fastest major patent district in the country, the average time to trial in 2021 was still over two years.<sup>103</sup> At the ITC, however, due to its statutory obligations for “expeditious adjudication”,<sup>104</sup> over the past five years, parties can expect about 9-10 months between institution of the complaint and the evidentiary hearing before the ALJ and an average of 15-18 months between institution and the Commission's final determination in an Investigation on the merits.<sup>105</sup> Further, without the need for juries, and with the Commission's prompt adoption of videoconferencing for evidentiary hearings, COVID precautions did not derail ITC hearing schedules to the same degree found in district courts. This expeditious adjudication also avoids the stays of litigation due to parallel IPR proceedings that often accompany district court litigation.

The ITC's remedy of an exclusion order provides injunctive relief without the need to march through the *ebay* factors required in district court. Unlike district court litigation, which now requires separate suits for different defendant groups, the ITC permits multiple respondents to be named in the same investigation. Indeed, when seeking a general exclusion order that enjoins market participants who are not named respondents, a broadly identified respondent pool in a single investigation is often helpful to show widespread infringement. Of note, it is U.S. Customs that implements and enforces exclusion orders, further strengthening the ITC's remedies.

Other benefits to patent owners in the ITC include that the initial determination is made by an ALJ with significant experience with patent cases, *in rem* jurisdiction over imported articles accused of infringement and the corresponding ability to obtain discovery from foreign parties, including overseas inspections, and nationwide subpoena power to easily pursue and introduce into evidence third party discovery. One often overlooked benefit of bringing a patent claim in the ITC prior to a district court is that invalidity findings at the ITC are not binding on district courts, so a patentee can pursue an assertion claim even after the ITC has found that patent invalid.

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<sup>102</sup> Patent litigation filings remained steady at the ITC in 2021 compared to 2020 and up more than 25% compared to filings in 2019. DOCKET NAVIGATOR, 2021 PATENT LITIGATION YEAR IN REVIEW 7 (2022), <https://search.docketnavigator.com/api/documents/report/2659838>.

<sup>103</sup> DOCKET NAVIGATOR, 2021 PATENT LITIGATION YEAR IN REVIEW 23 (2022), <https://search.docketnavigator.com/api/documents/report/2659838>. In the Western District of Texas, the average time to trial was 854 days in 2021. *Id.* There is variability even in an individual district's time-to-trial from year-to-year, which was exacerbated by the Covid-19 pandemic, although the Western District of Texas was holding trials consistently again starting in March 2021. In 2020, it was still on average over 20 months to trial in the Western District of Texas. *Id.*

<sup>104</sup> 19 U.S.C. § 1337(b)(1).

<sup>105</sup> *Section 337 Statistics: Average Length of Investigations*, USITC (Apr. 16, 2021), [https://www.usitc.gov/intellectual\\_property/337\\_statistics\\_average\\_length\\_investigations.htm](https://www.usitc.gov/intellectual_property/337_statistics_average_length_investigations.htm).

Patents holders, however, do have to weigh the benefits of litigating at the district court.<sup>106</sup> First, the patent holder can sue on expired or soon to be expiring patents for past monetary damages. As ITC relief is prospective in nature, ITC complainants cannot get past damages. Further, in a district court, a patent holder only has the burden to prove infringement and damages, and does not have to also prove a domestic industry for products that practice the asserted patents in the United States. Additionally, in a district court, a patent holder whose patent is found valid and infringed does not need to worry about its intellectual property rights being subordinated to the public interest.<sup>107</sup>

## 2. Benefits to accused infringers in the ITC vs. district court

There are also benefits to an accused infringer that finds itself a named respondent in an ITC investigation. First, an accused infringer cannot be sued for a retrospective remedy. The ITC will terminate an investigation on expired or soon to be expiring patents.<sup>108</sup> Further, an accused infringer can only be sued by parties that practice their asserted patents or have licensees that practice those patents due to the two-pronged domestic industry requirement at the ITC.<sup>109</sup> Between the technical and economic prongs of the domestic industry requirement, entities of all types and sizes that do not practice their patents are prevented from suing potential infringers. The domestic industry requirement also gives an accused infringer further grounds on which to attack a patent holder's case on an issue on which the patent holder has the burden. Additionally, even if the investigation results in a finding of a valid, infringed patent for which there is a domestic industry, accused infringers can still argue that an exclusion order should not be issued—or it should be tailored such that there are specific carve-outs in any order—based on a series of public interest factors.<sup>110</sup>

Other benefits to accused infringers litigating at the ITC include the even further accelerated adjudication of a case dispositive issue in the ITC's 100-day program or the more recently implemented pilot program<sup>111</sup> that empowers ALJs to issue an “interim initial determination” on fewer than all issues in an investigation, thus potentially resolving a case-dispositive or otherwise

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<sup>106</sup> As discussed above, any co-filed district court case is required to be stayed at the request of an accused infringer who is subject to both proceedings, at least as to all overlapping asserted claims. *See supra* Section II.D.1.

<sup>107</sup> 19 U.S.C. § 1337(d)(1) (“If the Commission determines, as a result of an investigation under this section, that there is a violation of this section, it shall direct that the articles concerned, imported by any person violating the provision of this section, be excluded from entry into the United States, *unless, after considering the effect of such exclusion upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such articles should not be excluded from entry.*”) (emphasis added).

<sup>108</sup> *See, e.g., Certain Color Intraoral Scanners and Related Hardware and Software*, Inv. No. 337-TA-1091, Init. Det. (Mar. 1, 2019) (terminating the investigation as to two patents that would expire 48 days before the target date of the investigation).

<sup>109</sup> 19 U.S.C. §§ 1337(b)(2)–(3).

<sup>110</sup> *See Certain Microfluidic Devices*, Inv. No. 337-TA-1068, Comm’n Op. (Jan. 10, 2020) at 25–48.

<sup>111</sup> [https://www.usitc.gov/press\\_room/featured\\_news/337pilotprogram.htm](https://www.usitc.gov/press_room/featured_news/337pilotprogram.htm)

significant issue early in an investigation. With these tools, complainants can be put on the defensive with a trial on a discrete issue that could end the investigation entirely or severely limit the complainant's case, well before the full evidentiary hearing.

Accused infringers at district courts, however, usually have the benefit of a much longer time to trial, along with a longer timeline for almost all other major procedural deadlines. Further, in a district court, an accused infringer can litigate counterclaims in the same proceeding, an option not available at the ITC.<sup>112</sup>

## C. EFFECT OF RECENT TRENDS AFFECTING TRIAL SCHEDULING AT THE PTAB

### 1. Timing considerations between district court litigation and PTAB filings

#### a. Timing in popular district court venues

The top litigation venues from 2020 are listed below along with their the average time to trial in 2019 and 2020, if available.<sup>113</sup> Based on the 2019 data, the average time to trial ranged from 1.7 years (609 days in the Northern District of California) to 4.4 years (1607 days in the Northern District of Illinois).

District Court	Time To Trial in 2019 / 2020
Northern District of California	609 days (2019 only)
Western District of Texas	636 days (2020 only)
Eastern District of Texas	842 days / 1132 days
Central District of California	874 days / 1365 days
District of Delaware	1285 days / 1334 days
District of New Jersey	1377 days / 1511 days
Northern District of Illinois	1607 days / 1595 days

#### b. Timeline of an IPR compared to popular district court venues

The petitioner has one year to file an IPR petition on a patent from the time when served with a complaint asserting infringement of that patent.<sup>114</sup> IPR proceedings are meant to proceed

<sup>112</sup> 19 C.F.R. § 210.14(e) (requiring any counterclaims raised be removed to district court).

<sup>113</sup> Docket Navigator, 2020 Year In Review, Patent Litigation Special Report at 20, 25, 27. Data from both 2019 and 2020 is included given the widespread disruptions to the court system caused by the COVID pandemic in 2020.

<sup>114</sup> 35 U.S.C. § 315(b) ("An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.")

relatively quickly to a final written decision concerning the grounds of the petition. The determination on whether to institute IPR proceedings is due approximately six months following the submission of the IPR petition.<sup>115</sup> For instituted IPRs, the final written decision is generally due within one year of the decision to institute and can be extended for up to another six months for good cause.<sup>116</sup> As can be seen by comparing this statutory timeline with the timing statistics for district court venues as described above, if we assume that a petitioner files the petition within nine months of receipt of a complaint, this means that the final written decision will on average be due around the time of trial in the parallel proceeding for the Northern District of California, Western District of Texas, and Eastern District of Texas. If we assume that the petition is filed just on time for the one year deadline, then we can add the Central District of California to the list of districts that may proceed to trial before the final written decision. And this does not account for the many cases in which trial is initially scheduled earlier and then the ultimate date of the trial is delayed.

## 2. Claim construction considerations

Until November 13, 2018, the claim construction standard applied in IPRs differed from that applied in federal court and at the ITC. The standard applied in IPRs was known as the “broadest reasonable interpretation” (“BRI”) whereas litigation venues generally applied the *Phillips* standard. This discrepancy resulted in certain strategic considerations for which litigants needed to account when litigating in the parallel venues of PTAB on the one hand and federal court or the ITC on the other. The issue of discrepant claim construction standards was resolved on October 11, 2018, when the final rule was adopted that confirmed the claim construction standard applied in district court would also be applied to *inter partes* review, and that rule took effect on November 13, 2018.<sup>117</sup> Now the claim construction standard applied in PTAB proceedings is the same standard from *Phillips* that is applied in federal court and in the ITC.

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<sup>115</sup> The Patent Owner’s Preliminary Response three months after the date of a notice indicating that the IPR Petition has been granted a filing date. 37 C.F.R. § 42.107(b). There is no set deadline for when a Petition will be granted a filing date by the Patent Office. The Institution decision is due within three months after the receipt of the Patent Owner Preliminary Response or the date on which such response was due. 35 U.S.C. § 314.

<sup>116</sup> 35 U.S.C. § 316(a)(11) (“The Director shall prescribe regulations . . . requiring that the final determination in an *inter partes* review be issued not later than 1 year after the date on which the Director notices the institution of a review under this chapter, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months, and may adjust the time periods in this paragraph in the case of joinder under section 315(c) . . . .”); 37 C.F.R. § 42.100(c) (“An *inter partes* review proceeding shall be administered such that pendency before the Board after institution is normally no more than one year. The time can be extended by up to six months for good cause by the Chief Administrative Patent Judge, or adjusted by the Board in the case of joinder.”).

<sup>117</sup> 83 Fed. Reg. 51,340 (Oct. 11, 2018) (final rule taking effect November 13, 2018); 37 C.F.R. § 42.100(b) (“In an *inter partes* review proceeding, a claim of a patent, or a claim proposed in a motion to amend under § 42.121, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent.”).

Because PTAB and litigation venues apply the same claim construction standard there is now a meaningful possibility of the claim construction decisions of one body influencing the decisions of another body with parallel proceedings. In fact, the PTAB rules require that any timely raised prior claim construction determination in a civil action or International Trade Commission proceed “be considered.”<sup>118</sup> Claim construction decisions are not binding in either direction but they have the power to persuade and it can be difficult for a party to change positions between the earlier and the later claim construction proceedings without the party’s credibility suffering as a result. On the other hand, there is still the possibility that a PTAB petitioner may find itself seeking invalidate the claims in the PTAB under one construction, but defending against infringement allegations in district court under a different claim construction.

Under the *Phillips* standard now applied by the PTAB, the PTAB has permitted petitioners at institution in at least some circumstances to challenge claims under the constructions applied by patent owners in district court, including those constructions ascertainable from infringement contentions if claim construction has not yet begun in district court.<sup>119</sup> Petitioners have been permitted to rely on patent owner’s claim construction either alone or in the alternative to the petitioner’s own proposed claim constructions.<sup>120</sup> This is consistent with the PTAB’s rules that permit citation at any time of “statements of the patent owner filed in a proceeding before a Federal Court or the Office in which the patent owner took a position on the scope of any claim of a particular patent.”<sup>121</sup> This approach also promotes consistency between the the PTAB and district courts and may serve to hold patentees to assertions that they make regarding the scope of their own patents.

### **3. Risk of inconsistent judgments**

#### **a. Final determinations on validity, infringement, enforceability**

One obvious concern in a system of parallel proceedings is the possibility of inconsistent judgments. The likeliest source of direct conflict relates to determinations of validity, where it is possible for PTAB to find one way on the validity (termed patentability) of claims while a district court finds another way. Such determinations are not always inconsistent as the burdens of proof are different, with PTAB applying the preponderance of the evidence standard<sup>122</sup> and the district court applying the clear and convincing evidence standard. Thus it is possible for PTAB to find claims unpatentable on an identical evidentiary record to that a district judge rules or a jury finds to

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<sup>118</sup> 37 C.F.R. § 42.100(b) (“Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the *inter partes* review proceeding will be considered.”).

<sup>119</sup> 10X Genomics, Inc. v. Bio-Rad Labs., Inc., IPR No. IPR2020-00087, Paper No. 9, Decision Granting Institution of *Inter Partes* Review at 15-19 (April 27, 2020).

<sup>120</sup> *Id.*; see also 10X Genomics, Inc. v. Bio-Rad Labs., Inc., IPR No. IPR2020-00086, Paper No. 8, Decision Granting Institution of *Inter Partes* Review at 17-22 (April 27, 2020).

<sup>121</sup> 35 U.S.C. § 301(a)(2).

<sup>122</sup> 35 U.S.C. § 316(e) (“In an *inter partes* review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.”).

be insufficient without giving rise to a necessary contradiction in the result. Of course it is also possible for contradictions to arise that are more challenging to reconcile, such as if the district court finds challenged claims invalid by clear and convincing evidence while the PTAB finds them to be patentable.

When the PTAB has found patent claims to be unpatentable that are also the subject of pending district court litigation, assuming the determination is sustained on appeal, this determination has preclusive effect in district court, barring the infringement and enforceability of those same claims. This is true even if the district court has already entered judgment of infringement on those claims when the PTAB's determination is affirmed on appeal if any aspect of the district court proceeding is still pending, including on appeal or following remand.<sup>123</sup>

#### **4. Discretionary denials of institution at the PTAB in view of the timing of parallel district court or ITC proceedings**

##### **a. *NHK Spring and Fintiv***

Under 35 U.S.C. § 314(a), the PTAB has found that it has the discretionary authority to deny institution to petitions that are deemed meritorious in the sense that they meet the standard set in § 314(a) of presenting a “reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”<sup>124</sup> The statute does not offer guidance on how that discretion is to be guided or applied.<sup>125</sup> Further, given that the courts have interpreted the statute to make the Director's discretion in denying institution essentially unreviewable, this means that it has fallen to the PTAB to determine criteria for discretionary denial.<sup>126</sup>

One significant area where PTAB has exercised discretionary denial is based on the status and timing of parallel district court or ITC proceedings. In *NHK Spring*, PTAB denied institution

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<sup>123</sup> *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013). *Chrimar Sys. v. Ale USA Inc.*, Case No. 19-1124, Petition for Writ of Certiorari (March 10, 2020), *denied* 141 S. Ct. 160 (2020) (petition presenting the questions “[w]hether the Federal Circuit may apply a finality standard for patent cases that conflicts with the standard applied by this Court and all other circuit courts in nonpatent cases” and “[w]hether a final judgment of liability and damages that has been affirmed on appeal may be reversed based on the decision of an administrative agency, merely because an appeal having nothing to do with liability, damages or the proper calculation of the ongoing royalty rate is pending.”).

<sup>124</sup> *See, e.g.*, *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper No. 11 (PTAB Mar. 20, 2020) (Precedential).

<sup>125</sup> 35 U.S.C. § 314(a) (“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.”).

<sup>126</sup> The Federal Circuit has thus far declined jurisdiction of challenges to discretionary denial of institution whether on direct appeal or petition for a writ of mandamus. *Cisco Systems Inc. v. Ramot at Tel Aviv University*, Case Nos. 20-2047, -2049 (Fed. Cir. Oct. 30, 2020); *In re: Cisco Systems Inc.*, Case No. 2020-148 (Fed. Cir. Oct. 30, 2020). As of this writing, there is a pending challenge to the PTAB's discretionary denial practice in the Northern District of California. *Apple Inc. v. Iancu*, No. 20-cv-6128 (N.D. Cal. Aug. 31, 2020), ECF No. 1.

substantially under a different statutory provision applicable when the same or substantially the same prior art arguments have previously been made to the patent office.<sup>127</sup> However, the PTAB also found that the advanced state of a parallel proceeding in district court should be treated as an additional factor under § 314(a) and weighed in favor of discretionary denial of institution.<sup>128</sup>

The PTAB has established factors to be weighed in the exercise of discretionary denial based on parallel proceedings with competing dates for trial and final written decision and catalogued the factors in its *Fintiv* decision. The factors are:

1. Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. Proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. Investment in the parallel proceeding by the court and the parties;
4. Overlap between issues raised in the petition and in the parallel proceeding;
5. Whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. Other circumstances that impact the Board's exercise of discretion, including the merits.<sup>129</sup>

The PTAB stated that “[t]hese factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding” and stated that given the overlap among the factors and the potential for facts to “be relevant to more than one factor” the PTAB therefore “takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.”<sup>130</sup>

#### **b. Analysis of decisions applying the *NHK-Fintiv* factors**

PTAB's application of the *Fintiv* factors in precedential and informative decisions is still evolving as of this writing (as with decisions that have not been designated as either precedential or informative) with different factors weighing more or less heavily from case to case. Factors 1 and 5 should typically be straightforward. If a stay has been granted or is likely in district court this generally weighs against discretionary denial even if in the absence of a stay trial would proceed before the date of the final written decision because the stay “allays concerns about inefficiency and

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<sup>127</sup> *NHK Spring v. Intri-Plex Techs*, IPR2018-00752 (“*NHK*”), Paper 8 at 11-18.

<sup>128</sup> *Id.* at 19-20.

<sup>129</sup> *Apple v. Fintiv*, IPR2020-00019 (“*Fintiv*”), Paper 11 at 5-6.

<sup>130</sup> *Id.* at 6.

duplication of efforts.”<sup>131</sup> If the result were otherwise, the discretionary denial would in those circumstances be tantamount to two distinct decisionmakers each waiting for the other to decide the disputed matter. Similarly, either the petitioner and the defendant are the same or they are not. If they are not the same, this weighs against discretionary denial.<sup>132</sup>

Factor 2 takes into account the relative timing of the final written decision and the trial date in the parallel proceeding. In *Fintiv* the PTAB wrote: “If the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*. If the court’s trial date is at or around the same time as the projected statutory deadline or even significantly after the projected statutory deadline, the decision whether to institute will likely implicate other factors . . . such as the resources that have been invested in the parallel proceeding.”<sup>133</sup> However, when “it is unclear that the court in the related district court litigation will adhere to any currently scheduled jury trial date, or, if it is changed, when such trial will be held,” PTAB has found this factor to weigh “marginally in favor of not exercising discretion to deny institution[.]”<sup>134</sup>

Factor 3 addresses the investment in the parallel proceeding made thus far by the court and the parties. The PTAB has recognized that such investment, to weigh in favor of discretionary denial, should be linked to issues related to the adjudication of validity. Thus, where “aside from the district court’s *Markman* Order, much of the district court’s investment relates to ancillary matters untethered to the validity issue itself,” where the *Markman* Order itself did not demonstrate a “high level of investment of time and resources,” and where “fact discovery is still ongoing, expert reports are not yet due, and substantive motion practice is yet to come,” PTAB has found that the factor “weighs only marginally, if at all, in favor of exercising discretion to deny institution[.]”<sup>135</sup>

With respect to factor 4, per *Fintiv*, the relevant overlap can include “substantially the same claims, grounds, arguments, and evidence presented in the parallel proceeding” and where there is such overlap this favors denial.<sup>136</sup> A series of recent cases has emerged in which substantial overlap between the PTAB proceeding and the parallel district court proceeding, often a factor weighing in favor of discretionary denial, can be overcome if petitioners are willing to stipulate that if the IPR is instituted they will not raise certain validity challenges in the parallel district court proceedings. The strongest form of the stipulation is to agree not to raise grounds of invalidity that were raised or could have been raised in the IPR, thus tracking the substantive scope of the IPR estoppel provision. For example, in *Sotera*, the petitioner stipulated “that, if IPR is instituted, they will not pursue

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<sup>131</sup> *Snap, Inc. v. SRK Technology LLC*, IPR2020-00820, Paper 15 at 9 (PTAB Oct. 21, 2020) (precedential).

<sup>132</sup> *Fintiv*, Paper 11 at 13-14.

<sup>133</sup> *Fintiv*, Paper 11 at 9.

<sup>134</sup> *Sand Revolution II, LLC Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper No. 24 at 9-10 (PTAB June 16, 2020) (informative).

<sup>135</sup> *Id.* at 10-11.

<sup>136</sup> *Id.* at 12.

in the District Court Litigation any ground raised or that could have been reasonably raised in an IPR.”<sup>137</sup> The PTAB found that this stipulation, tracking the language of the IPR estoppel provision, “mitigates any concerns of potentially conflicting decisions” and found that factor 4 weighted “strongly in favor of not exercising discretion to deny institution.”<sup>138</sup> By contrast, in *Sand Revolution*, the petitioner stipulated that “if the IPR is instituted, Petitioner will not pursue the same grounds in the district court litigation.”<sup>139</sup> The PTAB concluded that this stipulation “mitigates to some degree the concerns of duplicative efforts between the district court and the Board,” finding this factor weighed marginally in favor of not denying, but noting that this factor could have tipped more in the petitioner’s favor if it had been broader or if the petitioner had waived any overlapping patentability/invalidity defenses.<sup>140</sup>

As regards factor 6, other circumstances including the merits, the PTAB has explained that the merits are included in the “balanced assessment of all the relevant circumstances,” but a “full merits analysis” is not required.<sup>141</sup>

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<sup>137</sup> *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper No. 12 at 18-19 (Dec. 1, 2020) (Precedential).

<sup>138</sup> *Id.*; 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), 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.”).

<sup>139</sup> *Sand Revolution II, LLC Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper No. 24 at 11-12 (PTAB June 16, 2020) (informative) (concluding that the petitioner’s stipulation that “if the IPR is instituted, Petitioner will not pursue the same grounds in the district court litigation” “mitigates to some degree the concerns of duplicative efforts between the district court and the Board”).

<sup>140</sup> *Id.* at 11-12 & n. 5.

<sup>141</sup> *Apple v. Fintiv*, IPR2020-00019 (“*Fintiv*”), Paper 11 at 14-15.

## *IV. Estoppel*

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### **A. ESTOPPEL AT THE PTAB**

#### **1. Standards for estoppel**

##### **a. IPR**

Following issuance of a final written decision in an *inter partes* review (IPR), 35 U.S.C. § 315(e)(1) prevents petitioners from requesting or maintaining “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.” 37 C.F.R. § 42.73(d)(1) also closely tracks the provisions in 35 U.S.C. § 315(e)(1). This estoppel attaches immediately upon the issuance of a final written decision, and “not only after the appeals have been exhausted.”<sup>142</sup>

In precluding petitioners from requesting or maintaining such proceedings, petitioners are not only estopped from filing new challenges at the Patent Office, but also maintaining ongoing challenges to the same claims. The Federal Circuit held that this estoppel can even apply to simultaneously filed IPRs challenging the same claims of the same patent, where one IPR reaches final written decision before the other.<sup>143</sup> While the petitioner in that appeal argued that they could not “reasonably have raised” the grounds in the estopped petition in their other petition due to the word count limit in IPR, the Court rejected this argument noting that petitioner could have drafted its challenges more concisely to not necessitate the additional petition.<sup>144</sup> The Court further advised that the petitioner could have avoided such estoppel by seeking to consolidate the multiple IPRs.<sup>145</sup> Petitioners in other IPRs have started seeking consolidation of co-pending IPRs in order to avoid estoppel under 35 U.S.C. § 315(e)(1).<sup>146</sup>

##### **b. PGR**

Similar to IPR, the issuance of a final written decision in a post-grant review (PGR) results in estoppel under 35 U.S.C. § 325(e)(1), preventing petitioners from requesting or maintaining “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.” 37 C.F.R. § 42.73(d)(1) also closely tracks the provisions in 35 U.S.C. § 325(e)(1).

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<sup>142</sup> Medtronic, Inc. et al v. Teleflex Life Sci. Ltd., IPR2020-01343, Paper 85, 71 (PTAB Feb. 23, 2022)

<sup>143</sup> Intuitive Surgical Inc. v. Ethicon LLC, 25 F.4d 1035, 1041 (Fed. Cir. 2022).

<sup>144</sup> *Id.*, 1040-1041.

<sup>145</sup> *Id.*, 1040

<sup>146</sup> See e.g., MED-EL Elektromedizinische Geräte Ges.m.b.H. v. Advanced Bionics AG, IPR2020-01016, Paper 42, 136 (PTAB Mar. 31, 2022).

### c. Patent owner estoppel

Petitioners are not the only ones who facing estoppel from a post-grant proceeding. Under 37 C.F.R. § 42.73(d)(3) patent owners are “precluded from taking action inconsistent with [an] adverse judgement including obtaining in any patent: (i) A claim that is not patentably distinct from a finally refused or canceled claim; or (ii) An amendment of a specification or of a drawing that was denied during the trial proceeding, but this provision does not apply to an application or patent that has a different written description.”

The Board has interpreted this regulation to preclude patent owners from taking positions on a claim in post-grant proceedings that are adverse to a determination in a prior post-grant proceeding that the claim is unpatentable.<sup>147</sup> Nevertheless, the Board has stated that this estoppel does not preclude patent owners from arguing separately for the patentability of dependent claims that depend from a previously invalidated independent claim.<sup>148</sup>

## ~~2. Impact of post-grant proceeding estoppel on litigation strategy~~

### 3. Estoppel and RPI

Estoppel under 35 U.S.C. § 315(e)(1), 35 U.S.C. § 325(e)(1), and 37 C.F.R. § 42.73(d)(1) does not only apply to the petitioner in a post-grant proceeding, but also to real-parties-in-interest and privies of the petitioner.<sup>149</sup> These provisions are designed to “ensure that third parties who have sufficiently close relationships with... petitioners would be bound by the outcome of instituted” post-grant proceedings.<sup>150</sup> The determination of whether a party is an RPI or privy follows the same analysis as determinations of RPI and privy for the 35 U.S.C. § 315(b) time bar.<sup>151</sup> The application of estoppel to RPI and privies has not only spurred patent owners to challenge whether petitioners have correctly identified the real-parties-in-interest in the current proceeding,<sup>152</sup> but also whether the petitioners were themselves unnamed real-parties-in-interest in previous proceedings.<sup>153</sup>

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<sup>147</sup> Baker Hughes Inc. et al v. Packers Plus Energy Servs., Inc., IPR2016-00598, Paper 91, 4 (PTAB Dec. 17, 2019).

<sup>148</sup> *Id.*

<sup>149</sup> See 35 U.S.C. § 315(e)(1), 35 U.S.C. § 325(e)(1), 37 C.F.R. § 42.73(d)(1).

<sup>150</sup> Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336, 1350 (Fed. Cir. 2018).

<sup>151</sup> Bowtech, Inc. v. MCP IP, LLC, IPR2019-00379, Paper 14, 20-26 (PTAB Jul. 3, 2019) (citing Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336 (Fed. Cir. 2018) and Worlds Inc. v. Bungie, Inc., 903 F.3d 1237, 1242 (Fed. Cir. 2018) in analysis of RPI and privy under 35 U.S.C. § 315(e)(1)).

<sup>152</sup> Nuseed Ams. Inc. v. BASF Plant Science GMBH, IPR2017-02176, Paper 16, 11 (PTAB Apr. 11, 2018) (patent owner arguing that Petitioner failed to name real party in interest to avoid 35 U.S.C. § 315(e)(1) estoppel)

<sup>153</sup> Apple Inc. v. Uniloc 2017 LLC, IPR2019-01667, Paper 49, 7-10 (PTAB Apr. 7, 2021) (patent owner arguing that petitioner was an unnamed real party in interest or privy in another IPR that had reached final written decision).

## B. PTAB ESTOPPEL APPLIED IN FEDERAL COURTS

### 1. Interpretation of the “raised or reasonably could have raised” standard

#### a. Impact of *SAS* and *Shaw* on the standard

After the PTAB issues a final written decision in an IPR, 35 U.S.C. § 315(e)(2) curtails the petitioner’s potential defenses in other venues. The statute states that a petitioner in an IPR may not later in district court or at the ITC assert that a “claim is invalid on any ground that the petitioner raised or reasonably could have raised during” the IPR. Determining whether a ground was raised or reasonably could have been raised requires a factual inquiry. Whether a ground was raised in an IPR should be readily discernible from the PTAB’s proceeding, and thus a matter of record. Whether a ground was one that a petitioner reasonably could have raised requires consideration of additional questions of fact outside of the PTAB proceeding.<sup>154</sup>

Before the Supreme Court’s decision in *SAS Institute, Inc. v. Iancu*, the PTAB could exercise its discretion to institute an IPR on all, some, or none of the grounds raised in a petition.<sup>155</sup> Before the *SAS* decision, under the Federal Circuit’s holding in *Shaw*, parties were not estopped from litigating so-called “non-instituted grounds,” i.e., grounds on which the PTAB had declined to institute IPR.<sup>156</sup> The PTAB’s application of *SAS* eliminated the non-instituted ground category by requiring the Board, when instituting review, to do so “on all of the challenged claims and on all grounds of unpatentability asserted for each claim.”<sup>157</sup> For example, in *Wi-LAN v. LG Electronics*, the district court noted that after *SAS* “[t]here can no longer be such a thing as a non-instituted ground.”<sup>158</sup> Instead, “the phrase ‘reasonably could have been raised during [an IPR]’ in § 315(e)(2) ‘must refer to grounds that were not actually in the IPR petition, i.e., non-petitioned grounds, but [that] ‘reasonably could have been’ included in the petition.’”<sup>159</sup> Accordingly, the court applied estoppel to grounds that the petitioner reasonably could have raised in its IPR, but did not.<sup>160</sup> Similarly, after *SAS*, the ITC has held that estoppel reaches non-petitioned grounds in an IPR.<sup>161</sup>

A different scenario exists, however, that falls outside the bounds of the framework described above: a claim for which a patent challenger never petitioned for IPR. A plain reading of § 315(e)(2)

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<sup>154</sup> See e.g., *M-I LLC v. FPUSA, LLC*, No. 15-cv-00406, at 32 (W.D. Tex. Aug. 20, 2020), ECF No. 215.

<sup>155</sup> 138 S. Ct. 1348 (2018).

<sup>156</sup> See *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293 (Fed. Cir. 2016).

<sup>157</sup> 37 C.F.R. §42.108; see also *BioDelivery Sci. Int’l, Inc. v. Aquestive Therapeutics, Inc.*, 898 F.3d 1205, 1209 (Fed. Cir. 2018) (“We agree that *SAS* requires institution on all challenged claims and all challenged grounds.”).

<sup>158</sup> *Wi-LAN Inc. v. LG Elecs., Inc.*, 421 F. Supp. 3d 911, 923 (S.D. Cal. 2019).

<sup>159</sup> *Id.* at 923-24.

<sup>160</sup> *Id.* at 925-26.

<sup>161</sup> In the Matter of Certain Memory Modules and Components Thereof, Inv. No. 337-TA-1089, USITC Pub. 691758, at 104-112 (Oct. 21, 2019) (Initial Determination).

suggests that estoppel applies on a claim-by-claim basis.<sup>162</sup> Accordingly, a claim not challenged in an IPR would not be subject to estoppel in district court. And even though, as of this writing, no federal court has issued an opinion squarely analyzing such a situation in the § 315(e)(2) context, the Federal Circuit and the PTAB have analyzed estoppel under § 315(e)(1), a closely-related statute, and the opinions are instructive on the scope of estoppel under § 315(e)(2).

The text of § 315(e)(1), which closely tracks § 315(e)(2), addresses PTAB proceedings directed to claims challenged in a prior IPR proceeding. Section 315(e)(1) forecloses a petitioner in an IPR of a claim that results in a final written decision from “request[ing] or maintain[ing] a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that [IPR].”<sup>163</sup> Both Federal Circuit and PTAB decisions make clear that estoppel under 315(e)(1) extends only to those patent claims actually challenged in an IPR.<sup>164</sup> In *Uniloc 2017 LLC v. Facebook Inc.*,<sup>165</sup> for example, the Federal Circuit held that the plain language of § 315(e)(1) established that the defendant was not estopped from challenging a claim in a subsequent IPR because the claim was not at issue in a prior IPR, even though other claims of the patent were.<sup>166</sup> Given the analogous provisions of §§ 315(e)(1) and 315(e)(2), it appears uncontroverted that estoppel under § 315(e)(2) is also limited to claims actually challenged in an IPR.

## b. Types of prior art references

The statutes authorizing IPR and PGR proceedings differ in scope as to the types of challenges and prior art that may be raised by a petitioner. The IPR statute limits the prior art that can be used as a basis of an unpatentability challenge in an IPR petition to “patents or printed publications,”<sup>167</sup> whereas the scope of prior art in a PGR is much broader. Section 321(b) states that a petitioner in a PGR “may request to cancel as unpatentable [one] or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b).”<sup>168</sup> Thus, PGR unpatentability grounds may include “any ground specified in part II [of Title 35] as a condition for patentability,”<sup>169</sup> including whether “the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing

<sup>162</sup> 35 U.S.C. § 315(e)(2) (“The petitioner in an inter partes review of a *claim* in a patent . . . may not assert . . . that the *claim* is invalid . . .”) (emphases added).

<sup>163</sup> 35 U.S.C. § 315(e)(1).

<sup>164</sup> See *Uniloc 2017 LLC v. Facebook Inc.*, 989 F.3d 1018 (Fed. Cir. 2021); *Intuitive Surgical, Inc. v. Ethicon LLC*, No. IPR2018-01248, 2020 WL 594140, at \*5 (P.T.A.B. Feb. 6, 2020) (stating that estoppel under § 315(e)(1) applies “only on a claim-by-claim basis.”); *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 written decision results.”).

<sup>165</sup> See *Uniloc*, 989 F.3d at 1030; *Credit Acceptance*, 859 F.3d at 1052; *Intuitive Surgical*, 2020 WL 594140, at \*5.

<sup>166</sup> *Uniloc*, 989 F.3d at 1030.

<sup>167</sup> 35 U.S.C. §311(b).

<sup>168</sup> 35 U.S.C. §321(b).

<sup>169</sup> 35 U.S.C. §282(b)(2).

date of the claimed invention.”<sup>170</sup> A corollary to the broader scope of prior art for a PGR is its attendant broader scope of estoppel, which also includes the same “reasonably could have raised” language found in the IPR statute.<sup>171</sup>

**c. Whether newly-discovered prior art could have been found earlier**

**i. Burden of proof**

Most district courts that have addressed the issue of who has the burden of proof under §§ 315(e)(2) and 325(e)(2) have held that the burden lies with the party asserting statutory estoppel.<sup>172</sup> And in any event, the most common procedural vehicle for asserting estoppel is a motion for summary judgment, for which the burden of proof lies with the moving party.<sup>173</sup> Thus, under §§ 315(e)(2) and 325(e)(2), which cover litigation between a patentee asserting infringement against a defendant in district court (or a respondent at the ITC) that availed itself of an IPR or PGR proceeding, respectively, the burden of proof will lie with the patentee.

At least one court, however, has recently conveyed in dicta a different view regarding the burden of proof in the statutory estoppel context.<sup>174</sup> In *General Access Solutions, Ltd. v. Sprint Spectrum L.P.*, the plaintiff moved to strike certain invalidity defenses. Previously, the defendant had petitioned for IPR of three patents. The PTAB issued final written decisions, but on appeal, the Federal Circuit remanded to the PTAB for further proceedings. When the district court decided the motion to strike, fact discovery was ongoing and the PTAB’s remand decisions were still pending. At that juncture, the court decided to not yet preclude the defendant from presenting its invalidity defenses based on a prior art system.<sup>175</sup> But the court went further and noted that, if the motion were to

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<sup>170</sup> 35 U.S.C. §102(a)(1).

<sup>171</sup> 35 U.S.C. § 325(e)(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 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.”) (emphasis added).

<sup>172</sup> See, e.g., *Wasica Fin. GmbH v. Schrader Int’l, Inc.*, 432 F. Supp. 3d 448 (D. Del. 2020), *appeal dismissed*, No. 2020-2124, 2020 WL 8374870 (Fed. Cir. Sept. 24, 2020); *Palomar Techs., Inc. v. MRSI Sys., LLC*, No. CV 18-10236-FDS, 2020 WL 2115625 (D. Mass. May 4, 2020), *appeal withdrawn*, No. 2020-1913, 2020 WL 7382538 (Fed. Cir. Dec. 15, 2020); *CliniComp Int’l, Inc. v. Athenahealth, Inc.*, No. A-18-CV-00425-LY, 2020 WL 7011768 (W.D. Tex. Oct. 28, 2020); *Medline Indus., Inc. v. C.R. Bard, Inc.*, No. 17 C 7216, 2020 WL 5512132 (N.D. Ill. Sept. 14, 2020); *Vaporstream, Inc. v. Snap Inc.*, No. 17-cv-00220, 2020 WL 136591 (C.D. Cal. Jan. 13, 2020); *Clearlamp, LLC v. LKQ Corp.*, No. 12-cv-2533, 2016 WL 4734389, at \*9 (N.D. Ill. Mar. 18, 2016); *GREE, Inc. v. Supercell Oy*, No. 19-CV-00071, 2019 WL 5677511, at \*4 (E.D. Tex. Oct. 30, 2019) (patentee asserting estoppel under 325(e)(2)).

<sup>173</sup> *In re Koninklijke Philips Pat. Litig.*, No. 18-CV-01885, 2020 WL 7392868 (N.D. Cal. Apr. 13, 2020).

<sup>174</sup> Order on Motion to Strike Contentions, *Gen. Access Sols., Ltd. v. Sprint Spectrum L.P.*, No. 20-cv-00007 (E.D. Tex. Dec. 1, 2020), ECF No. 128.

<sup>175</sup> *Id.* at 7.

properly come before the court after the PTAB's decisions on remand, "the onus will be on [defendant] to show that its system prior art is supported by more than IPR-estopped printed subject matter. [Defendant], not [plaintiff-patentee], should bear the burden of demonstrating that it is not seeking an unfair second bite at the apple."<sup>176</sup>

Notwithstanding the district court's order in *General Access* and its stated concerns about fairness, no other court appears to have ruled that the party against whom statutory estoppel would be asserted bears the burden of proof.

## ii. A question of fact

Whether a ground is one that an IPR petitioner reasonably could have raised is a question of fact.<sup>177</sup> A ground that reasonably could have been raised extends to any patent or printed publication that a petitioner knew about or "that could have been found by a skilled searcher's diligent search."<sup>178</sup> According to the court in *Palomar Technologies, Inc. v. MRSI Systems, LLC*, "it appears that the issue of whether a skilled, diligent search reasonably should have uncovered a reference is a question of fact."<sup>179</sup> In *Palomar*, because questions of fact existed about what a diligent searcher would have found, the court denied the plaintiff's motion for partial summary judgment based on § 315(e)(2).<sup>180</sup> Similarly, in *Clearlamp, LLC v. LKQ Corp.*, the court denied a plaintiff's summary judgment motion seeking to estop the defendant's use of certain datasheets that the plaintiff argued were cumulative of prior art used during the IPR.<sup>181</sup> The court expressed doubt that the mere fact that a reference is cumulative invokes § 315(e)(2) estoppel, but found that, even if it did, factual issues remained surrounding whether a skilled searcher's diligent search would have found the information disclosed in the datasheets.<sup>182</sup>

Over a series of rulings in *GREE, Inc. v. Supercell Oy*, a district court decided whether and how estoppel applied following a final written decision in a related PGR proceeding.<sup>183</sup> For the PGR

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<sup>176</sup> *Id.* at 7 n.3.

<sup>177</sup> *M-I LLC v. FPUSA, LLC*, No. 15-cv-00406, at 28 (W.D. Tex. Aug. 20, 2020), ECF No. 215; *Palomar*, 373 F. Supp. 3d 322 (D. Mass. 2019); *cf. Clearlamp*, 2016 WL 4734389, at \*9 ("[Plaintiff] must present evidence that a skilled searcher's diligent search would have found the [newly raised reference]. One way to show what a skilled search would have found would be (1) to identify the search string and search source that would identify the allegedly unavailable prior art and (2) present evidence, likely expert testimony, why such a criterion would be part of a skilled searcher's diligent search.").

<sup>178</sup> *See Clearlamp*, 2016 WL 4734389, at \*8; *Palomar*, 373 F. Supp. 3d at 331.

<sup>179</sup> *Palomar*, 373 F. Supp. 3d at 331.

<sup>180</sup> *Palomar*, 373 F. Supp. 3d at 332.

<sup>181</sup> *Clearlamp*, 2016 WL 4734389, \*7-10.

<sup>182</sup> *Id.* at \*9.

<sup>183</sup> *GREE, Inc. v. Supercell Oy*, No. 19-CV-00071, 2019 WL 5677511 (E.D. Tex. Oct. 30, 2019) (denying plaintiff's motion to strike invalidity defense); *GREE, Inc. v. Supercell Oy*, 2020 WL 4999689 (E.D. Tex. July 9, 2020) (recommending granting plaintiff's motion for partial summary judgment on invalidity defenses), *report and recommendation adopted*, 2020 WL 4937111 (E.D. Tex. Aug. 24, 2020).

proceeding, the defendant had decided not to conduct a prior art search because its PGR challenge was based only on § 101. The plaintiff first moved to strike the defendant's invalidity defenses, arguing that estoppel applied. In its ruling, the court noted that "[i]n congressional debates, one of the key architects of the AIA explained that 'reasonably could have raised' is meant to include prior art that a petitioner actually knew about or that 'a skilled searcher conducting a diligent search reasonably could have been expected to discover.'" <sup>184</sup> The court declined to find estoppel applied, explaining that whether or not a reference should have been found was a question of fact, thus a motion to strike was "not the proper vehicle to challenge the sufficiency" of the defendant's evidence. <sup>185</sup>

Later, the plaintiff in *GREE* moved for partial summary judgment, again arguing that estoppel applied to the invalidity defenses. The court agreed with the plaintiff that the defendant reasonably could have raised the grounds on which it wanted to rely in its defense, even though the defendant did not conduct a prior art search before filing its petition for PGR. <sup>186</sup> The court found that the defendant's choice not to conduct a prior art search did not prevent estoppel over grounds it "reasonably could have raised" had it conducted a search. <sup>187</sup>

### iii. Estoppel and joinder

PTAB proceedings involving joinder present unique circumstances with respect to the application of statutory estoppel in district court. In a November 2020 decision, the Federal Circuit concluded that a party that joined an IPR was not estopped from asserting in district court invalidity grounds that were not part of the IPR proceeding the party had joined. <sup>188</sup> The court explained that "according to the statute, a party is only estopped from challenging claims in the final written decision based on grounds that it 'raised or reasonably could have raised' during the IPR." <sup>189</sup> And "[b]ecause a joining party cannot bring with it grounds other than those already instituted, that party is not statutorily estopped from raising other invalidity grounds." <sup>190</sup>

### iv. Appropriate timing and procedural vehicles for asserting estoppel

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<sup>184</sup> *GREE, Inc. v. Supercell Oy*, No. 19-CV-00071, 2019 WL 5677511, at \*4 (E.D. Tex. Oct. 30, 2019) (citing 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl)).

<sup>185</sup> *Id.* at \*5.

<sup>186</sup> *GREE, Inc. v. Supercell Oy*, No. 19-CV-00071, 2020 WL 4999689, at \*1, \*5 (E.D. Tex. July 9, 2020), *report and recommendation adopted*, No. 19-CV-00071, 2020 WL 4937111 (E.D. Tex. Aug. 24, 2020).

<sup>187</sup> *Id.* at \*5.

<sup>188</sup> *Network-1 Techs., Inc. v. Hewlett-Packard Co.*, 981 F.3d 1015, 1027 (Fed. Cir. 2020) (concluding that the defendant, which had joined an already-instituted IPR, was not statutorily estopped from challenging some patent claims based on non-instituted grounds because they were not grounds that "reasonably could have [been] raised").

<sup>189</sup> *Id.* at 1027.

<sup>190</sup> *Id.*

Recent court decisions suggest that the appropriate time to assert statutory estoppel is at the summary judgment stage. In *GREE*, shortly after the defendant had filed its answer to the plaintiff's complaint, the plaintiff moved to strike the defendant's invalidity defenses, arguing that estoppel applied.<sup>191</sup> The court denied the motion, finding that the motion was not the proper way to raise and resolve the evidentiary issues raised by statutory estoppel. The court explained that summary judgment could be used to determine the issue.

In *Pavo Solutions LLC v. Kingston Technology Co.*, the court found that asserting statutory estoppel is inappropriate in a motion *in limine* and that the summary judgment device, with its accompanying procedural safeguards, is the appropriate stage at which to ask the court to weigh the sufficiency of evidence to support a claim or defense, such as the applicability of statutory estoppel.<sup>192</sup> The *Pavo* court declined to estop the defendant's invalidity theory both because of the motion's timing and because the invalidity theory relied, in part, on a prior art product.

Asserting statutory estoppel in opposition to a defendant's motion for leave to amend its invalidity contentions also appears to be disfavored.<sup>193</sup> For example, in *In re RAH Color Technologies LLC Patent Litigation*, a defendant moved for leave to amend its invalidity contentions following the conclusion of parallel IPR proceedings.<sup>194</sup> The plaintiff opposed the motion, asserting that the proposed amendments were barred under § 315(e)(2). The court, however, granted the defendant's motion, stating that the "appropriate course" was to allow the defendant to amend its invalidity contentions and permit plaintiff to raise IPR estoppel through motion practice.<sup>195</sup> Perhaps not surprisingly, because of the evidentiary issues involved, the majority of courts that have applied statutory estoppel have done so at the summary judgment stage.<sup>196</sup>

Another timing consideration related to whether a petitioner "reasonably could have raised" an invalidity ground relates to when invalidity contentions are submitted in district court relative to the filing of a challenge at the PTAB. For example, in *Snyders Heart Valve v. St. Jude Medical*, the court found that a defendant's invalidity defense was estopped under § 315(e)(2) because the defendant could have raised the prior art during the IPR.<sup>197</sup> The petitioner had filed its invalidity contentions in district court before filing the IPR. Applying the "skilled searcher" standard, the court found that

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<sup>191</sup> *GREE, Inc. v. Supercell Oy*, No. 19-CV-00071, 2019 WL 5677511 (E.D. Tex. Oct. 30, 2019) (denying plaintiff's motion to strike invalidity defense).

<sup>192</sup> *Pavo Sols. LLC v. Kingston Tech. Co., Inc.*, No. 14-cv-01352, 2020 WL 1049911, at \*1 (C.D. Cal. Feb. 18, 2020).

<sup>193</sup> *See Finjan, Inc. v. Cisco Sys. Inc.*, No. 17-cv-00072, 2020 WL 532991 (N.D. Cal. Feb. 3, 2020).

<sup>194</sup> No. 18-md-02874, 2021 WL 1197478, at \*4 (N.D. Cal. Mar. 30, 2021).

<sup>195</sup> *Id.*

<sup>196</sup> *See, e.g., Microchip Tech. Inc. v. Aptiv Servs. US LLC*, No. 17-cv-01194, 2020 WL 4335519, at \*4 (D. Del. July 28, 2020); *SPEX Techs. Inc v. Kingston Tech. Corp.*, No. SACV 16-01790, 2020 WL 4342254, at \*15 (C.D. Cal. June 16, 2020); *Palomar*, 373 F. Supp. 3d at 332; *cf. Wasica*, 432 F. Supp. 3d 448.

<sup>197</sup> *Snyders Heart Valve LLC v. St. Jude Med.*, No. CV 18-2030 (JRT/DTS), 2020 WL 1445835, at \*7-8 (D. Minn. Mar. 25, 2020).

the petitioner-defendant had actual knowledge of the prior art before filing its IPR petition. As a result, the court granted the plaintiff's motion for summary judgment of no invalidity.<sup>198</sup>

## v. Third parties

IPR challenges brought by a third-party petitioner operating at arms-length from the defendant do not generally result in statutory estoppel against the defendant because the defendant is not a “real party in interest or privy of the petitioner.”<sup>199</sup> The plaintiff in *Finjan, Inc. v. Cisco Systems, Inc.* argued that estoppel should apply against a defendant because of its “active involvement with the joint defense group that continually harasses [plaintiff] with IPR challenges.”<sup>200</sup> But the plaintiff stopped short of alleging that the defendant was a “party in interest or privy of a petitioner” in any non-defendant IPRs.<sup>201</sup> Under such circumstances, the court declined to estop grounds raised in IPRs in which the defendant took no part.<sup>202</sup>

## 2. Analysis of recent rulings regarding estoppel flowing from the PTAB

When a defendant relies on a prior art product or system (“product prior art”) as part of an anticipation or obviousness defense, a nuanced analysis may be required to determine whether the art could have been reasonably raised during an IPR. By and large, federal courts have declined motions to estop product prior art, though some courts have stated that they would be willing to apply estoppel if the product is completely cumulative of information contained in patents or printed publications. As of this writing, the Federal Circuit has not yet considered how statutory estoppel under § 315(e)(2) applies to product prior art. But a number of district courts have weighed in on the issue with varying views on the scope and application of the statute.

Under a strict reading of § 315(e)(2) and § 311(b), product prior art falls outside the bounds of IPR estoppel. Section 315(e)(2) states that an IPR petitioner may not later litigate in a district court or at the ITC “that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during” the IPR.<sup>203</sup> Section 311(b) states that an IPR petitioner “may request to cancel as unpatentable [one] or more claims of a patent only on a ground that could be raised under section 102 [obviousness] or 103 [anticipation] and only on the basis of *patents* and *printed publications*.”<sup>204</sup>

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<sup>198</sup> *Id.* at \*8.

<sup>199</sup> 35 U.S.C. § 315(e)(2).

<sup>200</sup> 2020 WL 532991, at \*3.

<sup>201</sup> *Id.*

<sup>202</sup> The *Finjan* case is also notable for its rejection of plaintiff's assertion that, because the PTAB had declined to institute an IPR, defendant's prior art that served as the basis for the petition was “inferior” and warranted the granting of estoppel. The court rejected this argument as an attempt to expand the breadth of IPR estoppel that was “contrary to the statute's clear language.” *Id.* at \*3.

<sup>203</sup> 35 U.S.C. § 315(e)(2).

<sup>204</sup> 35 U.S.C. § 311(b) (emphasis added).

District courts have approached statutory estoppel of product prior art in three main ways: **1)** Some courts have held that a defendant can always use a product in asserting an invalidity defense because the text of the statute prevents use of the product in an IPR.<sup>205</sup> **2)** Other courts have applied at least some greater levels of scrutiny, allowing the product to be asserted in an invalidity defense when allegedly corresponding prior art printed publications or patents lack details found in the physical product. Some such courts have considered whether the product is a “superior and separate” reference.<sup>206</sup> **3)** Other courts have determined that a “superior and separate” test imposes too high a standard on the defendant, and have instead considered whether the product is “substantively, germanely different.”<sup>207</sup> These courts have focused on whether the product is advanced merely as a “cloak” for a reference that could have been used during the IPR.<sup>208</sup> These courts tend to focus on whether accused infringers are attempting to get a second bite at the apple with essentially the same reference.<sup>209</sup>

#### **i. Decisions that have limited estoppel to patents and printed publications**

Several courts have drawn a bright line and apply estoppel narrowly only to patents and printed publications.<sup>210</sup> These courts hold that the defendant may always use a product in an invalidity defense. In *Zitovault, LLC v. IBM Corporation*, for example, the court held that estoppel could not apply because the defendants “could not have raised prior art systems, such as products and software, during IPR proceedings.”<sup>211</sup> In *Polaris Industries, Inc. v. Arctic Cat Inc.*, the court allowed the defendant to proceed with obviousness combinations that included prior art vehicles, even though the manuals for those vehicles arguably could have been raised in the IPR.<sup>212</sup> Similarly, the court in *Microchip Technology, Inc. v. Aptiv Services US LLC* noted that the IPR statute “does not estop references based on physical prior art, whether standing alone or in combination with a printed reference.”<sup>213</sup> The court further noted that “[o]n its face, this rule exempts from the IPR estoppel” defendant’s use of references based at least in part on products.<sup>214</sup> Ultimately, the court declined to

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<sup>205</sup> *Zitovault, LLC v. IBM Corp.*, No. 16-cv-0962, 2018 WL 2971178, at \*4 (N.D. Tex. Apr. 4, 2018).

<sup>206</sup> *See, e.g., Star Envirotech, Inc. v. Redline Detection, LLC*, No. 12-cv-01861, 2015 WL 4744394, at \*2, \*4 (C.D. Cal. Jan. 29, 2015); *Microchip Tech.*, 2020 WL 4335519, at \*4.

<sup>207</sup> *Oil-Dri*, 2019 WL 861394, at \*10.

<sup>208</sup> *See, e.g., Cal. Inst. of Tech. v. Broadcom Ltd.*, No. 16-cv-03714, 2019 WL 8192255, at \*11 (C.D. Cal. Aug. 9, 2019); *SPEX Techs.*, 2020 WL 4342254, at \*15; *Oil-Dri Corp. of Am. v. Nestle Purina Petcare Co.*, No. 15-cv-1067, 2019 WL 861394, at \*10 (N.D. Ill. Feb. 22, 2019).

<sup>209</sup> *Id.*

<sup>210</sup> *Zitovault*, 2018 WL 2971178, at \*4; *Polaris Indus., Inc. v. Arctic Cat Inc.*, No. 15-cv-4475, 2019 WL 3824255, at \*3 (D. Minn. Aug. 15, 2019).

<sup>211</sup> *Zitovault*, 2018 WL 2971178, at \*4.

<sup>212</sup> 2019 WL 3824255, at \*3.

<sup>213</sup> *Microchip Tech.*, 2020 WL 4335519, at \*4.

<sup>214</sup> *Id.*

estop the defendant's use of products because a factual dispute existed about whether the product was cumulative of the written prior art.<sup>215</sup>

**ii. Decisions that have applied the “superior and separate” reference test**

Some courts view product prior art as a “superior and separate” reference when it discloses relevant features not found in patents or printed publications. For example, in the Central District of California, the court in *Star Envirotech, Inc. v. Redline Detection, LLC* declined to estop the use of product prior art, stating that it was a “superior and separate” reference because a manual lacked relevant details of claim elements that were provided by an inspection of the product.<sup>216</sup> The “superior and separate reference” test was also used in the Northern District of Illinois to reject a patent owner's estoppel argument related to invalidity contentions involving a bicycle chainring.<sup>217</sup> The plaintiff argued for estoppel, contending that photographs of the chainring in a magazine article could have been used during the IPR.<sup>218</sup> The court applied the “superior and separate reference” test, holding that estoppel did not apply because the photographs in the article did not show the chainring “at an appropriate angle or in enough detail to show its relevant feature.”<sup>219</sup>

**iii. Decisions that have focused on whether the defendant is attempting to cloak a reference**

In specifically rejecting *Star Envirotech's* “superior and separate” approach, the court in *California Institute of Technology v. Broadcom Ltd.* explained that the analytical focus should be on whether the defendant is “simply swapping labels for what is otherwise a patent or printed publication . . . in order to ‘cloak’ . . . and ‘skirt’ estoppel.”<sup>220</sup> Nearly a year later, in the same district and applying similar logic, the court in *SPEX Technologies, Inc. v. Kingston Technology Corp.* stated that the focus should be on whether the non-printed publications or patents present something “substantively, germanely different” than an invalidity theory based solely on patents or printed publications that could have been raised during the IPR.<sup>221</sup> In yet another case from the same district, the court in *DMF, Inc. v. AMP Plus, Inc.* rejected the “superior and separate” test in favor of the less-stringent “separate, germanely different” approach. The court determined that the former applies “a higher standard than is contemplated by the IPR statute and ‘would likely extend the reach of’ statutory IPR

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<sup>215</sup> *Id.*

<sup>216</sup> *Star Envirotech*, 2015 WL 4744394, at \*4.

<sup>217</sup> Order on Motion for Summary Judgment, *SRAM, LLC v. RFE Holding (Can.) Corp.*, No. 15-cv-11362, at 7 (N.D. Ill. Jan. 25, 2019), ECF No. 102.

<sup>218</sup> *Id.* at 11.

<sup>219</sup> *Id.* at 11-12.

<sup>220</sup> *Cal. Inst. of Tech.*, 2019 WL 8192255, \*7 (quoting *Clearlamp*, 2016 WL 4734389, at \*8).

<sup>221</sup> *SPEX Techs.*, 2020 WL 4342254, at \*15.

estoppel beyond its intended scope.”<sup>222</sup> The court then found that the defendant was not estopped from asserting the product prior art because it was “substantively, germanely different” from the disclosures in the product catalog.<sup>223</sup> Courts outside the Central District of California have also considered whether the defendant is “simply swapping labels.” For example, a court in the Northern District of Illinois explained that a defendant “cannot avoid estoppel simply by pointing to [a] finished product (rather than [corresponding] printed materials) during litigation.”<sup>224</sup>

#### iv. Decisions that have applied estoppel to product prior art

Although several courts had concluded that statutory estoppel might apply to product prior art, none had estopped a defendant’s use of product prior art until the District of Delaware did so in early 2020.<sup>225</sup> In *Wasica Finance GmbH v. Schrader International, Inc.*, the defendant had petitioned for IPR on grounds based on an Italian patent. In a final written decision, the PTAB concluded that the challenged claim was not unpatentable over the Italian patent.<sup>226</sup> In the parallel civil action, the defendant asserted invalidity using the same Italian patent but in view of other patents or printed publications and a physical product: a car sensor. In the court’s view, a printed publication disclosed all relevant features of the car sensor. Accordingly, the court found that under § 315(e)(2), the petitioner was estopped from proceeding in litigation on grounds available in the IPR, even if the specific evidence (the physical car sensor) was not available in the IPR proceeding. Thus, the court estopped the defendant from using the physical prior art and granted plaintiff’s motion for summary judgment.<sup>227</sup>

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One final point related to estoppel and physical prior art warrants discussion. Though § 315(e)(2) precludes in subsequent litigation the use of grounds available during IPR based on patents and printed publications, courts often allow a defendant to use otherwise-estopped patents or printed publications to explain prior art products.<sup>228</sup> District court opinions suggest that otherwise estopped-prior-art may be used as evidence to explain the relevant features of the physical prior art rather than as stand-alone evidence of the ground.<sup>229</sup> For example, in *SiOnyx, LLC v. Hamamatsu Photonics K.K.*, the court allowed the defendant’s expert to rely on a printed publication because it was merely “evidence of how the product is configured, how it is made, and how it

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<sup>222</sup> Order on Motion for Summary Judgment, *DMF, Inc. v. AMP Plus, Inc.*, No. 18-cv-07090, at \*6 (C.D. Cal. May 5, 2021), ECF No. 558.

<sup>223</sup> *Id.* at \*8.

<sup>224</sup> *Oil-Dri*, 2019 WL 861394, at \*10.

<sup>225</sup> *Wasica*, 432 F. Supp. 3d at 454.

<sup>226</sup> *Id.*

<sup>227</sup> *Id.* at 455.

<sup>228</sup> See *SiOnyx, LLC v. Hamamatsu Photonics K.K.*, 330 F. Supp. 3d 574 (D. Mass. 2018); *Palomar Techs., Inc.*, 373 F. Supp. 3d at 332.

<sup>229</sup> *Id.*

works.”<sup>230</sup> Similarly, a year later and in the same district, the court in *Palomar Technologies, Inc. v. MRSI Systems, LLC* declined a motion to estop defendant’s use of prior art product manuals because they served as evidence of relevant features of the product rather than a stand-alone ground.<sup>231</sup> Taking a somewhat different view, the Eastern District of Texas stated that even if a prior art system could be used, if the “system prior art relies on or is based on patents or printed publications that . . . would otherwise be estopped, then [the defendant] should be estopped from presenting those patents and printed publications at trial.”<sup>232</sup>

#### v. Application of estoppel to a prevailing party

The plain text of the IPR estoppel statute appears agnostic as to whether it applies to prevailing and non-prevailing IPR petitioners who receive a final written decision from the PTAB.<sup>233</sup> That is, the statute does not distinguish between petitioners based on the outcome of the IPR. Nonetheless, the District of New Jersey noted that applying estoppel *against* a defendant on the same grounds on which it had been successful during the IPR runs contrary to Congressional intent.<sup>234</sup> The plaintiff in *BTG International Limited v. Amneal Pharmaceuticals LLC* argued that estoppel should apply against the defendants with respect to prior art on which they *prevailed* at the PTAB.<sup>235</sup> But the court determined that it could not accept “that Congress intended to require a party to stand mute in court because it previously prevailed on the same issue before the PTAB.”<sup>236</sup> Acknowledging that the case law contains no deep analysis of the issue, the court determined that it “appears to reflect the concept that only unsuccessful or unsubmitted arguments are subsequently barred.”<sup>237</sup> Ultimately, the court declined to estop the defendants’ invalidity grounds on which they had prevailed before the PTAB.<sup>238</sup>

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<sup>230</sup> *SiOnyx*, 330 F. Supp. 3d at 604.

<sup>231</sup> *Palomar Techs., Inc.*, 373 F. Supp. 3d at 332.

<sup>232</sup> *Biscotti Inc. v. Microsoft Corp.*, No. 13-cv-01015, 2017 WL 2526231, at \*8 (E.D. Tex. May 11, 2017)

<sup>233</sup> 35 U.S.C. § 315(e)(2).

<sup>234</sup> *BTG Int'l Ltd. v. Amneal Pharms. LLC*, 352 F. Supp. 3d 352, 374 n.13 (D.N.J. 2018).

<sup>235</sup> *Id.*

<sup>236</sup> *Id.*

<sup>237</sup> *Id.* (citing *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 271 F. Supp. 3d 990, 1027 (E.D. Wis. 2017) (“Section 315(e)(2) prohibits an unsuccessful IPR petitioner from asserting in the district court ‘that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.’”).

<sup>238</sup> *Id.* at 383-89 (finding that the patent was invalid because of obviousness).

## C. ESTOPPEL AT THE ITC

### 1. ITC determinations of infringement, validity, and/or enforceability are for purposes of Section 337 only

The determinations of the International Trade Commission come in various permutations, each with its own precedential effect and appealability. Thus, the question of whether a Commission decision has any binding effect in the future requires review of what the Commission did with the ALJ's initial determination, if anything. If, for example, the Commission determines to review an issue in an ALJ's initial determination, and takes no position on that issue, the ALJ's findings are not binding in future ITC investigations. Such issues cannot be appealed to the Federal Circuit.<sup>239</sup> But if the Commission determines to review an issue and renders findings on that issue, those findings are typically precedential within the ITC (for all ALJs) and can be appealed to the Federal Circuit.

On the other hand, if the Commission is silent on an issue in an ALJ's initial determination or does not review or adopt the ALJ's ruling on an issue, that decision is not precedential within or outside the ITC.<sup>240</sup> Although the ITC, as an agency, is bound by precedent from the Court of Appeals for the Federal Circuit, the ITC is not bound by its own decisions.<sup>241</sup> Further, decisions of one ALJ do not bind another ALJ if the Commission did not review or adopt the decision.

Preclusive effects from the ITC to district courts, such as issue preclusion or claim preclusion, are not available for ITC determinations on patent issues.<sup>242</sup> Thus, ITC decisions with respect to patent issues do not bind district courts in subsequent or parallel cases. A district court can attribute whatever persuasive value to the prior ITC decision that the court considers justified, and on appeal, the Federal Circuit will review the district court's decision, even if it has already reviewed the prior ITC decision. This stems from Congress delineating when passing the Trade Reform Act of 1974 that "in patent-based cases, the Commission considers, for its own purposes under section 337, the status of imports with respect to the claims of U.S. patents. The Commission's findings neither purport to be, nor can they be, regarded as binding interpretations of the U.S. patent laws in particular factual contexts."<sup>243</sup>

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<sup>239</sup> *Align Tech., Inc. v. ITC*, 771 F.3d 1317, 1326 n.10 (Fed. Cir. 2014) ("We do not address whether 'any other articles manufactured' in the Consent Order covers the accused digital data sets. The Commission took no position on this issue, J.A. 72, and we do not sit to review what the Commission has not decided.").

<sup>240</sup> *Genentech, Inc. v. ITC*, 122 F.3d 1409, 1414 (Fed. Cir. 1997) ("The effect of the Commission's denial of review is that that portion of the initial decision as to which the Commission denied review becomes the determination of the Commission. 19 C.F.R. § 210.42 (1996). The remainder of the initial decision as to which the Commission took no position, does not become part of the final determination of the Commission.").

<sup>241</sup> *See, e.g., Armstrong Bros. Tool Co. v. U.S.*, 483 F. Supp. 312, 328 (Cust. Ct. 1980) ("The Tariff Commission [now the International Trade Commission], unlike American courts of law, is not bound by its own precedents.") (citations omitted).

<sup>242</sup> *Texas Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996).

<sup>243</sup> *Id.* (quoting S. Rep. No. 1298, 93d Cong., 2d Sess. 196 (1974)).

There is no similar limitation on the preclusive effect of ITC determinations with respect to other unfair acts, such as trademark infringement or trade secret misappropriation. Thus, issue and claim preclusion had been available to parties pursuing those claims in district court after the claims were litigated in the ITC.<sup>244</sup> But the Federal Circuit recently injected some uncertainty regarding this long-held practice by stating, “We see no reason to differentiate between the effect of the Commission’s patent-based decisions and the Commission’s decisions regarding trademarks. Because we hold that the Commission’s trademark decisions, like its patent decisions, do not have preclusive effect, we need not reach Swagway’s procedural arguments regarding its consent order motion.”<sup>245</sup>

This rationale deviates from prior holdings in the First, Second and Fourth Circuits that had assessed the legislative history of the Tariff Act or prior ITC decisions to find that the ITC’s rulings on non-patent cases, including trademark claims, were binding. The Second Circuit, for instance, recognized that the patent-based bar on *res judicata* does not apply to certain unfair trade practices, such as trademark and other non-patent based determinations.<sup>246</sup> This rationale applied even when different statutes were at issue. After the ITC found a respondent in violation for misappropriation of trade secrets, the claimant won on summary judgment in district court. The court found that the defendant / respondent was precluded from challenging liability under Wisconsin’s trade secret law because it employed essentially the same legal standard as the federal statute at issue in the ITC, even though there were differences in wording.<sup>247</sup> Issue and claim preclusion arising from ITC determinations are also available for adjudication of affirmative defenses by the Commission.<sup>248</sup>

Notwithstanding these prior holdings regarding the dispositive effects of ITC non-patent determinations, the issue appears in flux today following the *Swagway* holding and accompanying basis, including the question of whether other non-patent issues beyond trademark findings litigated at the ITC will have preclusive effect.

Even when the rulings of the ITC do not bind the district court, they can serve as persuasive evidence. For instance, the Federal Circuit held that, even in the absence of *res judicata*, the district court had broad interpretive discretion. “[T]he district court can attribute whatever preclusive value to the prior ITC decision as it considers justified.”<sup>249</sup>

There are practical applications at play even with the absence of *res judicata* for patent issues from the ITC to district courts. For instance, although the Federal Circuit need not follow its own decisions from an ITC matter in a later appealed parallel district court matter, it recognizes that, “to

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<sup>244</sup> Mahindra & Mahindra Ltd. v. FCA US LLC, No. 18-CV-12645, 2020 WL 5960700 (E.D. Mich. Oct. 8, 2020).

<sup>245</sup> Swagway, LLC v. ITC, 2018-1672, at 13 (Fed. Cir. May 9, 2019).

<sup>246</sup> See Union Mfg. Co. v. Han Baek Trading Co., 763 F.2d 42 (2d Cir. 1985).

<sup>247</sup> Manitowoc Cranes LLC v. Sany America Inc., 2017 WL 6327551, \*5 (E.D. Wis. 2017).

<sup>248</sup> See Baltimore Luggage Co. v. Samsonite Corp., 727 F.Supp. 202 (D. Md. 1989).

<sup>249</sup> Texas Instruments, Inc., 90 F.3d at 1569.

the extent that [the Federal Circuit has] previously ruled on a matter, a subsequent panel will have powerful incentives not to deviate from that prior holding, short of thoroughly justified grounds.”<sup>250</sup> Similarly, if claim construction from the parallel ITC and district court proceedings vary, the Federal Circuit’s findings upon review of an earlier ITC decision will receive a “strong presumption of correctness.”<sup>251</sup>

## **2. Interplay between ITC and IPR Proceedings**

### **a. Timing considerations and motions to stay**

In a typical district court infringement case, the court will frequently grant a motion to stay pending the completion of an IPR. This decision renders the interaction between the PTAB and district court timelines less relevant because, regardless of how long the PTAB requires to issue a final written decision, the district court case will resume only after the PTAB’s final written decision, and often after any accompanying appeals.

The ITC, however, has proven much more reluctant to grant a motion to stay in light of a parallel IPR. To evaluate a motion to stay, the ITC applies a five-factor test, and this evaluation rarely results in the granting of the motion.<sup>252</sup> The issuance of a final written decision by the PTAB may narrow the evidence and arguments that the IPR petitioner may present before the ITC. Alternatively, the ITC may consider the PTAB’s ruling in reaching its own determination. Thus, the duration of a Section 337 ITC case, relative to that of an ongoing IPR for the patents at issue in that case, weigh heavily in the ITC’s determination.

A Section 337 case at the ITC and an IPR before the PTAB each constitute expedited proceedings with accelerated timelines. Both administrative bodies have statutory obligations for timeliness. In particular, Congress required the ITC to “make its determination under [Section 1337] at the earliest practicable time after the date of publication of notice of such investigation.”<sup>253</sup> Further, because the ITC may only issue injunctive relief and not monetary damages, the ITC lacks capacity to award retrospective relief. Thus, the ITC structures its proceedings in order to better accomplish its statutory mission. The PTAB faces a more specific statutory deadline for the completion of an IPR. In total, a typical statutory maximum timeline for an IPR would extend up to eighteen months from filing to final written decision.<sup>254</sup>

Empirical data shows that the ITC often manages to complete a Section 337 case before the statutory maximum of a possible concurrent IPR.<sup>255</sup> In fact, through the past five calendar years and including year to date data for 2021, the ITC has managed to complete the average Section 337

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<sup>250</sup> *Id.*

<sup>251</sup> *Alloc, Inc. v. Norman D. Lifton Co.*, 2007 WL 2089303 at \*11 (S.D.N.Y. 2007).

<sup>252</sup> *See, e.g.*, *Certain Memory Modules*, Inv. No. 337-TA-1089, Order No. 49 (Apr. 11, 2019).

<sup>253</sup> 19 U.S.C. § 1337(b)(1).

<sup>254</sup> 35 U.S.C. §§ 314, 316(a)(11).

<sup>255</sup> *Section 337 Statistics: Average Length of Investigations*, USITC (Apr. 16, 2021), [https://www.usitc.gov/intellectual\\_property/337\\_statistics\\_average\\_length\\_investigations.htm](https://www.usitc.gov/intellectual_property/337_statistics_average_length_investigations.htm).

case on the merits — excluding those cases resolved through settlement, consent order, or complaint withdrawals — in 15 to 18 months.<sup>256</sup> The ITC’s fastest Section 337 determination on the merits in any particular year has never exceeded 9 months.<sup>257</sup> Indeed, many ITC Section 337 investigations have completed shortly before or after the issuance of final written decision in an IPR proceeding.<sup>258</sup>

In *Certain Memory Modules*, ALJ Bullock considered and rejected a motion to stay pending a concurrent IPR. Applying the Commission’s five-factor test for motions to stay, ALJ Bullock found that only the second factor—simplification of the issues and hearing of the case—weighed in favor of a stay.<sup>259</sup> The balance of factors, including “(1) the state of discovery and the hearing date,” “(3) the undue prejudice or clear tactical advantage to any party,” and “(4) the stage of the PTO proceedings,” counseled for rejecting the motion.<sup>260</sup> Citing Congress’s timeliness mandate and the Commission’s policy for “expeditious” investigations, ALJ Bullock concluded, “Stays are generally disfavored.”<sup>261</sup>

#### **b. Inconsistent outcomes between PTAB and ITC**

Before assessing IPR estoppel, it is important to note that the ITC and the PTAB may reach divergent conclusions on the validity of a patent. In *Certain Network Devices, Related Software and Components Thereof (II)*, the Commission found that respondent Arista violated Section 337 through several asserted claims across two patents.<sup>262</sup> The ITC issued a limited exclusion and cease and desist order against Arista. Over the following four weeks, the PTAB rendered two final written decisions through IPR proceedings and found the claims upon which the ITC decision was based were unpatentable. Shortly after, the respondent moved to rescind the Commission’s remedial orders, but the Commission refused. The ITC explained the orders would “not change unless and until the United States Patent and Trademark Office issues a certificate cancelling the claims following the exhaustion of all appeals.”<sup>263</sup> The Commission later suspended the enforcement of all remedial orders after the Federal Circuit affirmed the PTAB’s decision.<sup>264</sup>

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<sup>256</sup> *Id.*

<sup>257</sup> *Id.*

<sup>258</sup> *See, e.g.,* *Certain Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, Comm’n Op. (Apr. 9, 2019).

<sup>259</sup> *Memory Modules*, Inv. No. 337-TA-1089, Order No. 49 (Apr. 11, 2019) at 2.

<sup>260</sup> *Id.* at 1-2.

<sup>261</sup> *Id.* at 2.

<sup>262</sup> *Certain Network Devices, Related Software and Components Thereof (II)*, Inv. No. 337-TA-945, Comm’n Op. (Jul. 12, 2018).

<sup>263</sup> *Network Devices, Related Software and Components Thereof (II)*, USITC Pub. 4910 (June 2019).

<sup>264</sup> *Id.*

In an earlier case, *Three-Dimensional Cinema Systems*, the Commission chose instead to defer to the PTAB's invalidity decision.<sup>265</sup> The PTAB had already determined the asserted claims unpatentable before the Commission's Final Determination.<sup>266</sup> The Commission explored the possibility of issue preclusion, but it rejected the application of the doctrine.<sup>267</sup> Nonetheless, the ITC discretionarily suspended enforcement of its remedial orders "in light of the advanced posture of the IPR proceeding."<sup>268</sup> In the later *Certain Network Devices* case, the court distinguished the facts of *Three-Dimensional Cinema Systems* by articulating that the Commission had not yet issued remedial orders before suspending enforcement and that relief was still offered on the basis of other patents.<sup>269</sup>

Since then, the ITC has largely charted a different path than the deferential approach from *Three-Dimensional Cinema Systems* and chooses primarily to enforce injunctive relief until the Federal Circuit affirms any PTAB invalidity ruling. In the ITC investigation of *Certain Dental Implants*, the Commission delayed suspending the enforcement of exclusion orders while the patent owner appealed the PTAB invalidity ruling to the Federal Circuit.<sup>270</sup> The Federal Circuit affirmed the PTAB's decision, resulting in a 16 month window during which the ITC enforced injunctive relief for what the Federal Circuit eventually deemed an invalid patent.<sup>271</sup>

**c. Scope of 35 U.S.C. § 315(e)(2) estoppel excludes OUII**

The Commission considered and rejected the application of common law collateral estoppel in *Three-Dimensional Cinema Systems*, holding that it does not apply to the PTAB decisions on patent invalidity because, at the time, "[t]he PTAB and the Commission apply different legal standards."<sup>272</sup> Aside from common law collateral estoppel, however, another tool enables the Commission to estop respondent invalidity arguments: IPR estoppel under 35 U.S.C. Section 315(e)(2). This statute prohibits petitioners in an IPR of a particular claim, after a final written decision, from asserting in any ITC Section 337 proceeding that "the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review."<sup>273</sup> The practical implications of this statutory restriction, however, have been muted by timing considerations and the scope of IPR estoppel, which excludes the ITC's Office of Unfair Import Investigations ("OUII").

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<sup>265</sup> *Certain Three-Dimensional Cinema Systems and Components Thereof*, Inv. No. 337-TA-939, Comm'n Op. (Aug. 23, 2016).

<sup>266</sup> *Id.*

<sup>267</sup> *Id.* at 53-56.

<sup>268</sup> *Id.* at 60.

<sup>269</sup> *Network Devices, Related Software and Components Thereof (II)*, Inv. No. 337-TA-945, Comm'n Op. (Aug. 16, 2017) at 13-14.

<sup>270</sup> *Certain Dental Implants*, Inv. No. 337-TA-934, Comm'n Op. (May 11, 2016).

<sup>271</sup> *Id.*

<sup>272</sup> *Three-Dimensional Cinema Systems and Components Thereof*, Inv. No. 337-TA-939, Comm'n Op. (Aug. 23, 2016) at 53.

<sup>273</sup> 35 U.S.C. § 315(e)(2).

First, estoppel under 35 U.S.C. 315(e)(2) only applies after the PTAB has issued a final written decision on an IPR.<sup>274</sup> Thus, IPR estoppel presents no barrier to respondent arguments as long as the ITC renders its opinion before a final written decision from the PTAB. The ITC often rejects motions to stay pending a concurrent IPR, and, to date, the vast majority of Section 337 cases finish before the IPR statutory deadlines. Thus, in many Section 337 cases, respondents are free to invoke invalidity arguments from a concurrent IPR with no risk of facing IPR estoppel.

In *Certain Magnetic Tape Cartridges and Components Thereof*, respondent Fujifilm presented at an evidentiary hearing the same invalidity arguments Fujifilm raised in a concurrent IPR proceeding.<sup>275</sup> Before the ALJ at the ITC rendered an initial determination, the PTAB issued its final written decision finding that petitioner Fujifilm had not established the unpatentability of the patent.<sup>276</sup> The ALJ avoided the issue of whether Fujifilm faced IPR estoppel by concluding that, in any event, “the statute does not prevent Staff from raising the references in this investigation, which it did.”<sup>277</sup> The ALJ reached this conclusion because 35 U.S.C. 315(e)(2) references only estoppel against the “petitioner in an inter partes review,” whereas the OUII “was not a petitioner or even a party to the IPR.”<sup>278</sup> The Commission did not address the issue in its review of final determination and has yet to ratify ALJ Cheney’s interpretation of the statutory language.<sup>279</sup>

In practice, ALJ Cheney’s conclusion that IPR estoppel excludes ITC staff might have limited effect. In *Certain Magnetic Tape Cartridges*, for example, the OUII cited much of the same evidence and arguments as respondent Fujifilm presented for its invalidity case.<sup>280</sup> Because the PTAB’s final written decision issued only after the evidentiary hearing, Fujifilm could present its evidence and invalidity arguments to ALJ Cheney and OUII, and OUII was free to adopt, modify, or disagree with those arguments.<sup>281</sup> In other cases where the IPR final written decision results before the evidentiary hearing, respondents might be estopped from presenting such evidence altogether. Thus, in order for ALJ Cheney’s interpretation to result in the introduction of additional evidence and arguments, OUII would have to allocate its resources to independent invalidity positions without the aid of respondents, although OUII could piggyback off the grounds raised in the IPR by the private parties.

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<sup>274</sup> *Id.*

<sup>275</sup> *Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, Comm’n Op. (Apr. 9, 2019).

<sup>276</sup> *Id.*

<sup>277</sup> *Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, Init. Det. (Aug. 18, 2018) at 107.

<sup>278</sup> *Id.* 35 U.S.C. 315(e)(2).

<sup>279</sup> *Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, Comm’n Op. (Apr. 9, 2019).

<sup>280</sup> *Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, Init. Det. (Aug. 18, 2018).

<sup>281</sup> *Id.*

## *V. Real Party-in-Interest and Privy*

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### **A. IDENTIFYING REAL PARTY-IN-INTEREST AND PRIVACY**

Identifying real parties-in-interest is a required component, by statute and rule, in any post-grant proceedings in front of the USPTO. In an *inter partes* review (IPR) filing, the identity of the real parties-in-interest and those known to be in privity with a petitioner is essential to determining whether PTAB proceedings are available and may be instituted. For example, IPRs are unavailable where: (1) more than one year has passed since the petitioner, someone in privity with the petitioner, or a real party-in-interest, was served with a patent infringement complaint; or (2) the petitioner or a real party-in-interest filed a civil action challenging the validity of a claim of the patent before filing the petition for IPR.<sup>282</sup> Similarly, post-grant reviews (PGRs) are unavailable where the petitioner or a real party-in-interest filed a civil action challenging the validity of a claim of the patent before filing the petition for PGR.<sup>283</sup>

Real party-in-interest and privity identification are also required when applying estoppels resulting from completed PTAB post-grant proceedings at the USPTO, in district court, and in the U.S. International Trade Commission (USITC). In an IPR or PGR that results in a final written decision, the petitioner and any real parties-in-interest, or privies of the petitioner, are estopped in other USPTO proceedings, district court litigation, and USITC proceedings from asserting any ground of unpatentability that the petitioner raised or reasonably could have raised during the PTAB proceeding.<sup>284</sup> These estoppels are applied on a claim-by-claim basis.

While the Board often engages in additional briefing and occasionally in additional discovery concerning real parties-in-interest prior to institution, the Board is generally ill-equipped as compared to the district court in resolving heavily fact-and-law-intensive inquiries involving third parties to the dispute. Identifying all real parties-in-interest and all known privies early in litigation can prevent gamesmanship and improper circumvention of the window to seek PTAB proceedings.<sup>285</sup>

In addition, such information regarding real parties-in-interest and privies may be useful to the district court when later asked to apply estoppels arising from a final written decision in a IPR or PGR. District court and USITC estoppels resulting from a final written decision in an IPR or PGR proceeding apply to the petitioner and the real party-in-interest and privity of the petitioner.<sup>286</sup>

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<sup>282</sup> 35 U.S.C. §§ 315(a)(1), 315(b).

<sup>283</sup> 35 U.S.C. § 325(a)(1).

<sup>284</sup> 35 U.S.C. §§ 315(e)(2), 325(e)(2).

<sup>285</sup> *Cf.* In re MCM Portfolio, LLC, 554 F. App'x 944, 945 (Fed. Cir. 2014) (denying writ of mandamus *without prejudice* where MCM sought relief from institution on privity grounds).

<sup>286</sup> 35 U.S.C. §§ 315(e)(2), 325(e)(2).

The best evidence on the issues of real party-in-interest and privity, such as who funded and controlled the drafting and filing of the petition, may be easier to determine through more onerous district court discovery. To be useful, such discovery and any findings by the district court on the real party-in-interest and privity issues must be made before the PTAB is required to issue its decision on institution, and would preferably be before the deadline for the patent owner's preliminary response.

## 1. Real party-in-interest

Whether a party is a real party-in-interest or privy of a petitioner is a “highly fact-dependent question” and must be considered on a case-by-case basis.<sup>287</sup> The real party-in-interest analysis focuses on the relationship between the party and the PTAB proceeding, whereas privity considers the relationship between the party and the petitioner.<sup>288</sup> Many factors are relevant to the analysis.

To decide whether a party other than the petitioner is the real party in interest, the Board seeks to determine whether some party other than the petitioner is the “party or parties at whose behest the petition has been filed.”<sup>289</sup> “[A] party that funds and directs and controls an IPR or [post-grant review] proceeding constitutes a 'real party-in-interest,' even if that party is not a 'privy' of the petitioner.”<sup>290</sup>

Typically, for an unnamed party, the inquiry is whether the party is, in effect, litigating through a proxy. In other words, if an unnamed party can influence a petitioner's actions in a proceeding before the Board to the degree that would be expected from a formal co-petitioner, then that unnamed party should be considered a real party-in-interest to the proceeding.<sup>291</sup>

For example, “a party that funds and directs and controls an IPR or PGR petition or proceeding constitutes a ‘real party-in-interest.’”<sup>292</sup> On the other hand, many other actions have been held not sufficient to deem a nonparty a “real party-in-interest”:

- Providing prior art,<sup>293</sup>

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<sup>287</sup> *Ventex Co. v. Columbia Sportswear N. Am., Inc.*, IPR2017-00651, Paper 148 at 6 (PTAB Jan. 24, 2019) (Paper 148) (precedential) (citing Office Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012)).

<sup>288</sup> *Aruze Gaming Macau, Ltd. v. MGT Gaming, Inc.*, No. IPR2014-01288, Paper No. 13 at 13 (P.T.A.B. Feb. 20, 2015).

<sup>289</sup> Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, at 48,759 (Aug. 14, 2012).

<sup>290</sup> *Id.* at 48,760. *See* *Wi-Fi One, LLC v. Broadcom Corporation*, 887 F.3d 1329, 1336 (Fed. Cir. 2018).

<sup>291</sup> *Aruze Gaming Macau*, No. IPR2014-01288, Paper No. 13 at 12.

<sup>292</sup> Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,760.

<sup>293</sup> *Sipnet EU S.R.O. v. Straight Path IP Group, Inc.*, No. IPR2013-00246, Paper No. 73 at 10 (P.T.A.B. May 23, 2016).

- Payment of counsel fees and minor participation by a vendor in litigation proceedings;<sup>294</sup>
- Having mutual interest in the outcome of the post-grant proceeding;<sup>295</sup>
- Use of the same counsel;<sup>296</sup> or
- Having a business or seller/vendor relationship.<sup>297</sup>
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In *RPX Corporation*, the Board determined that RPX was acting as a proxy for its client Apple Inc., and, as such, Apple was an unnamed real party-in-interest in seven IPR petitions filed by RPX.<sup>298</sup> Citing to *inter partes* reexamination precedent in *In re Guan*,<sup>299</sup> the Board found that “[l]ike the unnamed real party-in-interest in *Guan*, Apple had at least suggested that RPX file challenges to the specific Virnetx Patents by compensating RPX to perform certain generic services that included filing IPR challenges to ‘patents of questionable quality.’”<sup>300</sup> The Board denied the RPX petitions as time-barred under 35 U.S.C. § 315(b), as Apple had been served with an infringement complaint more than one year before the filing of the petitions.<sup>301</sup> Prior to the filing of the RPX petitions, Apple had petitioned on its own for an IPR of the Virnetx patents, which were also denied as time-barred.<sup>302</sup>

The Board later distinguished the *RPX* decision in *Unified Patents*, holding that without evidence that Unified Patents’ members suggested or compensated it for filing an IPR petition, those members are not real parties-in-interest in the petition.<sup>303</sup> In reaching its decision, the Board cited to the Office Trial Practice Guide which provides that “membership in a trade association does not make an entity automatically a real party-in-interest to a petition filed by the trade association.”<sup>304</sup>

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<sup>294</sup> *Id.* at 11.

<sup>295</sup> *See, e.g.*, *Butamax Advanced Biofuels LLC v. Gevo, Inc.*, No. IPR2013-00215, Paper No. 10 at 4 (P.T.A.B. Sept. 30, 2013) (“[T]he mere fact that DuPont and Butamax may have a mutual interest in the Board’s review of the ’505 patent does not necessarily make DuPont a real party-in-interest.”)

<sup>296</sup> *Commissariat A L’Energie Atomique Et Aux Energies Alternatives v. Silicon Genesis Corp.*, No. IPR2016-00833, Paper No. 8 at 7 (P.T.A.B. Sept. 28, 2016).

<sup>297</sup> *Sipnet*, No. IPR2013-00246, Paper No. 73 at 11

<sup>298</sup> *RPX Corp. v. Virnetx Inc.*, Nos. IPR2014-00171, Paper No. 49 (P.T.A.B. Jun. 13, 2014).

<sup>299</sup> Reexamination Control No. 95/001,045 (Aug. 25, 2008).

<sup>300</sup> *RPX Corp.*, Nos. IPR2014-00171, Paper No. 49 at 7 (emphasis omitted).

<sup>301</sup> *Id.* at 3.

<sup>302</sup> *Id.*

<sup>303</sup> *Unified Patents Inc. v. Dragon Intellectual Prop., LLC*, No. IPR2014-01252, Paper No. 37 at 12–13 (P.T.A.B. Jan. 5, 2015).

<sup>304</sup> *Id.* at 13.

## 2. Privity

The Trial Practice Guide explains that “[t]he notion of ‘privity’ is more expansive, encompassing parties that do not necessarily need to be identified in the petition as a ‘real party-in-interest.’”<sup>305</sup> Though, the notion is still constrained by the Supreme Court’s caution “that there is a general rule against nonparty preclusion, subject only to limited exceptions.”<sup>306</sup> While the statute and rules do not require identification of privies in the petition, but they do require a statement that the petitioner is not barred or estopped from challenging the patent claims on the grounds identified in the petition.<sup>307</sup>

According to the legislative history, privity focuses on relationships between parties that necessitate the application of collateral estoppel.<sup>308</sup> The Board has indicated that it will rely on established federal case law in evaluating issues of privity and has cited the Supreme Court’s decision in *Taylor v. Sturgell* as providing a framework for analysis.<sup>309</sup> For example, in *Aruze Gaming*, the Board stated:

In the context of § 315(b), the goal of the preclusion is to prevent successive challenges to a patent by those who previously have had the opportunity to make such challenges in prior litigation. As such, the focus of our privity inquiry is on the relationship between the parties during the prior lawsuit. In other words, we ask whether the instant petitioner and the prior litigant’s relationship—as it relates to the lawsuit—is sufficiently close that it can be fairly said that the petitioner has a full and fair opportunity to litigate the validity of the patent in the lawsuit. In this sense, our privity inquiry will typically fall into *Taylor*’s fourth category of nonparty preclusion, which applies to situations in which the petitioner “has had the opportunity to present proofs and argument” such that it can be said to have “assumed control” over the action. *Id.* at 895. Our Practice Guide reflects this, noting that control is a “common consideration” in the privity inquiry. 77 Fed. Reg. at 48,759.<sup>310</sup>

“Only if the nonparty [to the prior proceeding] can be said to have had a ‘full and fair opportunity to litigate’ can a nonparty be precluded as a privy.”<sup>311</sup> For example, while the existence

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<sup>305</sup> Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012).

<sup>306</sup> *Atlanta Gas Light Company v. Bennett Regulator Guards, Inc.*, No. IPR2015-00826, Paper No. 31 at 17 (P.T.A.B. Aug. 19, 2016) (citing *Taylor v. Sturgell*, 553 U.S. 880, 892–93 (2008)).

<sup>307</sup> 37 C.F.R. § 42.104(a).

<sup>308</sup> “Privity is essentially a shorthand statement that collateral estoppel is to be applied in a given case . . . . The concept refers to a relationship between the party to be estopped and the unsuccessful party in the prior litigation which is sufficiently close so as to justify application of the doctrine of collateral estoppel.” 77 Fed. Reg. at 48,759 (quoting 154 CONG. REC. S9987 (daily ed. Sept. 27, 2008) (statement of Sen. Jon Kyl)).

<sup>309</sup> *Taylor v. Sturgell*, 553 U.S. 880 (2008).

<sup>310</sup> *Aruze Gaming Macau, Ltd. v. MGT Gaming, Inc.*, No. IPR2014-01288, Paper No. 13 at 14 (P.T.A.B. Feb. 20, 2015) (emphasis omitted).

<sup>311</sup> *Id.* at 13.

of indemnification alone is insufficient to find privity, where the indemnitor exercises or could have exercised control over the indemnitee's participation in a proceeding, privity may be found.<sup>312</sup>

This was further clarified in *Ventex*,<sup>313</sup> where the Board explained:

In *Taylor v. Sturgell*, 553 U.S. 880, 894–95 (2008), the Supreme Court provided a non-exhaustive list for examining whether the legal relationship between two parties establishes that one is the privy of the other: “(1) an agreement between the parties to be bound; (2) pre-existing substantive legal relationships between the parties; (3) adequate representation by the named party; (4) the nonparty's control of the prior litigation; (5) where the non-party acts as a proxy for the named party to relitigate the same issues; and (6) where special statutory schemes foreclose successive litigation by the non-party (e.g., bankruptcy and probate).” *AIT*, 897 F.3d at 1360 (Reyna, J., concurring) (citing *Taylor*, 553 U.S. at 894–95).

The Board further noted that “[a]nalysis under any one of the [*Taylor*] factors can support a finding of privity.”<sup>314</sup>

Section 315(b) explicitly imposes time bars on privies to “prevent successive challenges to a patent by those who previously have had the opportunity to make such challenges in prior litigation.”<sup>315</sup> In his concurrence, Judge Reyna explained: “privity is ‘[t]he connection or relationship between two parties, each having a legally recognized interest in the same subject matter (such as a transaction, proceeding, or piece of property).’”<sup>316</sup> When parties are in privity, under due process principles, “a litigant [is prohibited] from taking a second bite at the apple by relitigating the same case through the persona of another, its privy,” and thus from “abusing the legal system.”<sup>317</sup> Likewise, “where privity is shown to exist between a party to a second case and a party who is bound

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<sup>312</sup> See, e.g., *Broadcom Corp. v. Telefonaktiebolaget LM Ericsson*, Nos. IPR2013-00601 et al., Paper No. 23 at 7 (P.T.A.B. Jan. 24, 2014) (“[W]hen a patent holder sues a dealer, seller, or distributor of an accused product, as is the case at hand, indemnity payments and minor participation in a trial are not sufficient to establish privity between the non-party manufacturer of the accused device and the defendant parties . . . .”); *Wavemarket Inc. v. LocationNet Sys. Ltd.*, No. IPR2014-00920, Paper No. 11 at 6–9 (P.T.A.B. Dec. 16, 2014) (finding that despite indemnification and joint defense agreements between the petitioner and defendants to a parallel litigation, there was insufficient evidence to demonstrate that the petitioner exercised control or could have exercised control over the parallel district court proceedings). See, e.g., *Gen. Elec. Co. v. TransData, Inc.*, No. IPR2014-01380, Paper No. 34 at 12–13 (P.T.A.B. Apr. 15, 2015).

<sup>313</sup> *Ventex Co., Ltd. V. Columbia Sportswear North America, Inc.*, IPR2017-00651, Paper 152, 10-12 (PTAB Jan. 24, 2019).

<sup>314</sup> See *id.*

<sup>315</sup> *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1319 (Fed. Cir. 2018); *AIT*, 897 F.3d at 1360 (Reyna, J., concurring).

<sup>316</sup> *AIT*, 897 F.3d at 1359 (Reyna, J., concurring) (quoting *Privity*, Black's Law Dictionary (10th ed. 2014)).

<sup>317</sup> *Id.* (Reyna, J., concurring).

by an earlier judgment, the party to the second case—who was not a party in the first action—is also bound by the earlier judgment. *Richards v. Jefferson Cty.*, 517 U.S. 793, 798 (1996).”<sup>318</sup>

### 3. Defective real party-in-interest identifications

The PTAB procedurally accepts the petitioner’s identification of real parties-in-interest at the time of filing of the petition, but if a patent owner provides sufficient evidence to rebut the identification, the Petitioner bears the ultimate burden of persuasion on the issue of who is or is not a real party-in-interest.<sup>319</sup> The Court explained that “an IPR petitioner’s initial identification of the real parties in interest should be accepted unless and until disputed by a patent owner.”<sup>320</sup> While there is not a rebuttable presumption that the Petitioner’s identification is correct, “a patent owner must produce some evidence that tends to show that a particular third party should be named a real party in interest. A mere assertion that a third party is an unnamed real party in interest, without any support for that assertion, is insufficient to put the issue into dispute.”<sup>321</sup>

The patent owner is also required to identify all real parties-in-interest within 21 days of service of the petition.<sup>322</sup> Failure of the patent owner to timely file such mandatory notices may constitute an abandonment of the proceeding, resulting in entry of adverse judgment against patent owner as to all challenged claims.<sup>323</sup>

Historically, a defective real party-in-interest identification by a petitioner could result in loss of filing date and may result in denial of the petition if not timely corrected.<sup>324</sup> Ordinarily, if a petition fails to identify all real parties-in-interest, the Board will give the petitioner one month from the date of the decision to correct the deficiency and list the correct real parties-in-interest.<sup>325</sup>

When the challenged patent is involved in concurrent infringement litigation, it may be difficult if not impossible to correct a defective real party-in-interest identification. Curing the omission of a third-party from the real party-in-interest identification would be futile after the one-year deadline for filing an IPR has passed. Even if corrected, the earliest filing date that could be accorded to the petition may not fall within the one-year period specified by 35 U.S.C. § 315(b). This can cause problems for petitions filed close to the bar date. In addition, avoidable delays caused by

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<sup>318</sup> *Id.* at 1360 (Reyna, J., concurring).

<sup>319</sup> *Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237 (Fed. Cir. 2018); *Zerto, Inc. v. EMC Corp.*, No. IPR2014–01254, Paper No. 35 at 6–7 (P.T.A.B. Mar. 3, 2015).

<sup>320</sup> *See Worlds*, 903 F.3d at \_\_\_\_.

<sup>321</sup> *Id.*

<sup>322</sup> 37 C.F.R. § 42.8(a)(2).

<sup>323</sup> 37 C.F.R. § 42.73(b)(4).

<sup>324</sup> *See e.g.*, *Coleman Cable, LLC v. Richmond*, No. IPR2014-00935, Paper No. 12 at 2, 5 (P.T.A.B. Aug. 28, 2014); *see also ZOLL Lifecor Corp. v. Philips Elecs. N. Am. Corp.*, No. IPR2013-00609, Paper No. 15 at 16–17 (P.T.A.B. Mar. 20, 2014); 37 C.F.R. § 42.106(a).

<sup>325</sup> *See* 37 C.F.R. § 42.106(b); *ZOLL Lifecor*, No. IPR2013-00609, Paper No. 15 at 16.

an incomplete petition filing may be found to unduly prejudice the patent owner and weigh against the granting of a stay of a parallel litigation. For at least these reasons, care should be taken to identify all real parties-in-interest and it is advisable to file an IPR petition early within the one-year window, to allow time to cure defects.

For example, in *First Data*, the Board found that unnamed party VeriFone “has controlled, and/or has had an opportunity to control, the events leading up to the filing of the Petition,” and, as such, was a real party-in-interest in the petition, even though the petitioner and VeriFone had agreed, two days prior to the filing of the petition, that petitioner would have sole and exclusive control over the IPR proceeding.<sup>326</sup> The Board reasoned that “[b]y then, presumably, most of the work had been done by both Petitioner and VeriFone in preparation of the 51-page Petition, assemblance of prior art, and gathering of witnesses and their declarations, and Petitioner does not indicate otherwise.”<sup>327</sup> The Board denied institution of the IPR based on the defective real party-in-interest identification and failure to meet the one-year filing deadline, noting that “even if corrected, the earliest filing date that could be accorded to the Petition that identifies VeriFone as a real party-in-interest would not fall within the one-year period specified by 35 U.S.C. § 315(b).”<sup>328</sup>

Failure to identify all real parties-in-interest, however, does not divest the Board of its jurisdiction.<sup>329</sup> In *Lumentum*, the Board explained that § 312(a) sets forth requirements that must be satisfied for the Board to give consideration to a petition but that “a lapse in compliance with those requirements does not deprive the Board of jurisdiction over the proceeding, or preclude the Board from permitting such lapse to be rectified.”<sup>330</sup> As such, if during “the course of a trial the identity of a real party in interest [changes] 37 C.F.R. § 42.8(a)(3) allows a party 21 days to provide the Board notice of a change in its identification of the real party in interest, without the loss of ‘jurisdiction’ over the proceeding.”<sup>331</sup>

For example, in *Elekta*, the Board found that “[a]bsent any indication of an attempt to circumvent estoppel rules, a petitioner’s bad faith, or prejudice to a patent owner caused by the delay, permitting a petitioner to amend challenged [real party-in-interest] disclosures while maintaining the original filing date promotes the core functions described in the Trial Practice Guide, while promoting also “the just, speedy, and inexpensive resolution of our proceedings.”<sup>332</sup>

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<sup>326</sup> *First Data Corporation v. Cardsoft, LLC*, No. IPR2014-00715, Paper No. 9 (P.T.A.B. Oct. 17, 2014).

<sup>327</sup> *Id.* at 9.

<sup>328</sup> *Id.* at 10.

<sup>329</sup> *See Mayne Pharma Int’l Pty. Ltd. v. Merck Sharp & Dohme Corp.*, 927 F.3d 1232, 1240 (Fed. Cir. 2019) (“[I]f a petition fails to identify all real parties in interest under § 312(a)(2), the Director can, and does, allow the petitioner to add a real party in interest.” (quoting *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1374 n.9 (Fed. Cir. 2018) (en banc))

<sup>330</sup> *Lumentum Holdings, Inc., v. Capella Photonics, Inc.*, No. IPR2015-00739, Paper No. 38 at 5 (P.T.A.B. Mar. 4, 2016) (precedential).

<sup>331</sup> *Id.*

<sup>332</sup> *Elekta, Inc. v. Varian Medical Systems, Inc.*, No. IPR2015-01401, Paper 19 at 9 (P.T.A.B. Dec. 31, 2015); 37 C.F.R. § 42.1.

Accordingly, the Board has exercised its discretion under 37 C.F.R. § 42.5(b) and (c)(3) to permit a petitioner to amend its real party-in-interest identification during the proceeding while maintaining the original filing date.<sup>333</sup> The Board has now solidified the factors it considers in determining whether to allow amending mandatory notices to name a new RPI while still maintaining an earlier priority date, including bad faith, gamesmanship, prejudice to the patent owner, and time bar/estoppel issues.<sup>334</sup>

#### 4. Availability of appeal

Prior to *Thryv*, the Federal Circuit had found that if the PTO made rulings in the proceeding below as to real party-in-interest or privity, (e.g., a motion to terminate the IPR for failure to join a real party in interest), that information could be reviewed as part of an appeal of the PTO's final written decision.<sup>335</sup>

In view of *Thryv*, the Federal Circuit revised its stance as to whether it could review information related to real party in interest or privity on appeal. In *ESIP Series 2*,<sup>336</sup> the Federal Circuit found that the Board's "§ 312(a)(2) real-party-in-interest determination is final and non-appealable." Specifically, the Court there held:

In view of *Cuozz* and *Click-to-Call*, we find no principled reason why preclusion of judicial review under § 314(d) would not extend to a Board decision concerning the "real parties in interest" requirement of § 312(a)(2). ESIP's contention that the Board failed to comply with § 312(a)(2) is "a contention that the agency should have refused to institute an inter partes review." See *Click-To-Call*, 140 S. Ct. at 1373-74. Indeed, ESIP expressly argues that the agency should have refused to institute inter partes review because of Puzhen's failure to identify all "real parties in interest." Accordingly, we hold that ESIP's challenge to the Board's "real parties in interest" determination "raises 'an ordinary dispute about the application of an institution-related statute,'" and that § 314(d) precludes our review of that determination. *Click-To-Call*, 140 S. Ct. at 1373-74 (quoting *Cuozz*, 136 S. Ct. at 2141-42).

*ESIP Series 2* has been applied in subsequent cases, confirming issues related to RPI are not reviewable.<sup>337</sup>

In *Uniloc 2017 LLC v. Facebook, Inc.*, 989 F.3d 1018 (Fed. Cir. 2021), the Court held that the "no appeal" provision of Section 314(d) did not apply to prevent the court from reviewing the

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<sup>333</sup> See, e.g., *Aerospace Communications Holdings Co., Ltd. v. The Armor All/Step Products Company*, IPR2016-00441, Paper 12 at 11 (P.T.A.B. Jun. 28, 2016).

<sup>334</sup> *Proppant Express Investments, LLC v. Oren Techs., LLC*, IPR2017-01917, Paper 86 (Feb. 13, 2019).

<sup>335</sup> See, e.g., *Wi-Fi One*.

<sup>336</sup> *ESIP Series 2, LLC v. Puzhen Life USA, LLC*, 958 F.3d 1378, 1386 (Fed. Cir. 2020),

<sup>337</sup> *Fall Line Patents, LLC v. Unified Patents, LLC*, 818 F. App'x 1014 (Fed. Cir. 2020) (nonprecedential); *Verify Smart Corp. v. Askeladden, L.L.C.*, 824 F. App'x 1015 (Fed. Cir. 2020) (nonprecedential)

Board's application of § 315(e)(1) estoppel, where the “estoppel-triggering event occurred after institution.”

## 5. Recent decisions impacting RPI analysis

### a. No RPI analysis necessary at institution absent allegations of a time bar or estoppel

*SharkNinja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11 (Oct. 6, 2020)

- Designated precedential on December 4, 2020.
- *SharkNinja* holds that no real party-in-interest analysis is necessary at the institution phase absent an allegation of a time bar or estoppel under 35 U.S.C. § 315.
- Since *SharkNinja*, assuming there is no allegation of a time bar or estoppel, the Board has regularly declined to reach the issue of real parties-in-interest at the institution phase of proceedings, finding that the interests of efficiency and a more developed record post-institution favor postponing a ruling on the issue of real party-in-interest until the final written decision.

### b. Specific factors to consider in an RPI analysis

RPX Corp. v. Applications in Internet Time, LLC, IPR2015-01750, Paper 128 (PTAB Oct. 2, 2020)

- Designated precedential on December 4, 2020.
- The Board's *AIT* decision sets forth various considerations to be made in furtherance of the Federal Circuit's remand instruction that “[d]etermining whether a non-party is a ‘real party in interest’ demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.” *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018).
- At the Federal Circuit's direction, the *AIT* decision sets out several factors that the Board may consider in performing an RPI analysis, including:
  - (a) “[Petitioner]’s business model,” including “‘the nature of’ [Petitioner] as an entity”;
  - (b) “[Petitioner]’s explanation of its own interest in the IPRs”;
  - (c) “whether, and under what circumstances, [Petitioner] takes a particular client’s interests into account when determining whether to file IPR petitions”;
  - (d) The alleged RPI’s relationship with the Petitioner;
  - (e) The alleged RPI’s “interest in” and “benefit from” the IPRs;
  - (f) “whether [Petitioner] can be said to be representing that interest”;
  - (g) “whether [alleged RPI] actually ‘desire[d] review of the patent[s]’”; and
  - (h) the relevance of “the fact that [alleged RPI] and [Petitioner] had overlapping Board members.” *AIT* at 10.

**c. Procedural clarification on the burden of persuasion in an RPI analysis**

*Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237 (Fed. Cir. 2018).

- The Petitioner bears the ultimate burden of persuasion on the issue on who is or is not a real-party-in-interest. The Court explained that “an IPR petitioner's initial identification of the real parties in interest should be accepted unless and until disputed by a patent owner.”
- The Court instructed that while there is not a rebuttable presumption that the Petitioner’s identification is correct, “a patent owner must produce some evidence that tends to show that a particular third party should be named a real party in interest. A mere assertion that a third party is an unnamed real party in interest, without any support for that assertion, is insufficient to put the issue into dispute.” Accordingly, while the patent owner does not have an evidentiary burden of persuasion, it does have a burden of production to produce evidence that puts the issue at question.

**d. Party held to be an RPI and privity in a manufacturer/distributor relationship, where (1) there was an agreement between the parties to pay for the IPR, (2) one party was required to indemnify the other, and (3) a time bar existed**

*Ventex Co., Ltd. V. Columbia Sportswear North America, Inc.*, IPR2017-00651, Paper 152 (PTAB Jan. 24, 2019)

- Designated precedential April 16, 2019.
- IPR proceeding was terminated for being time barred, where a distributor who had been sued more than a year before the manufacturer filed the IPR should have been named as an RPI to the proceeding, and finding the distributor was in privity with the manufacturer.
- The record indicated the manufacturer was required to indemnify the distributor, and that the parties had entered into an exclusive agreement that the Board considered to be a cover for the distributor to pay the manufacturer for the cost of the IPR proceeding, and that the distributor was not named in order to avoid the one-year time bar.

**e. RPI can be fixed after filing while maintaining filing date**

*Adello Biologics LLC v. Amgen Inc.*, PGR2019-00001, Paper 11 (PTAB Feb. 14, 2019) & *Proppant Express Investments, LLC v. Oren Techs., LLC*, IPR2017-01917, Paper 86 (Feb. 13, 2019)

- Both decisions designated precedential April 16, 2019.
- In *Adello*, Petitioner updated its mandatory notices before institution to add an RPI. The Board found this permissible and did not adjust the filing date, given: (1) it found the Petitioner did not act in bad faith or engage in gamesmanship; and (2) any delay did not result in undue prejudice to the patent owner.
- In *Proppant*, a party was allowed to update its mandatory notices after institution to add an RPI who would not have been time barred if the party had been named on the original filing date. The board reiterated factors considered when

allowing an RPI to be added without adjusting filing date, including bad faith, gamesmanship, prejudice to the patent owner, and time bar/estoppel issues.

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**B. EFFECT OF PARALLEL LITIGATION ON REAL PARTY-IN-INTEREST AND PRIVACY ANALYSIS**

Historically, mere status as a co-defendant or participation in a joint defense group has been held to be insufficient to deem a nonparty a “real party-in-interest.”<sup>338</sup> However, in recent years, the patent owners have successfully sought information regarding joint defense group agreements during discovery, and some decisions have found RPI and/or privy relationships in the context of manufacturer/distributor relationships.

**1. Co-defendants / joint defense groups**

Status as joint defendants alone is not enough to demonstrate parties are RPIs.<sup>339</sup> Additionally, regional subsidiaries of a Petitioner who were simultaneously joint defendants in a related district court case and shared a common interest were not held to be RPIs, absent further evidence.<sup>340</sup>

The Board has permitted discovery of joint defense agreements. For example, in *Adobe*,<sup>341</sup> the Board granted-in-part a patent owner’s request for additional discovery that included the underlying agreement between members of a joint defense group in a parallel litigation. In granting the request, the Board walked through the *Garmin* factors, and pointed to RPI as “heavily fact-dependent” and “the outcome may depend on the contents of the joint defense agreement (if one exists) that outlines the relationship between the Petitioner and a non-party.”<sup>342</sup> Because Petitioner indicated such an agreement did exist, the Board found the patent owner had “supplied the required threshold amount of evidence or reasoning tending to show beyond speculation that something useful will be uncovered” by allowing the discovery.<sup>343</sup> In the same order, however, the Board denied patent owner’s request for a privilege log containing all communications between the Petitioner and the alleged RPIs as too speculative and unduly burdensome.<sup>344</sup>

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<sup>338</sup> Tradestation Group, Inc. v. Trading Technologies Int’l, Inc., No. CBM2015-00161, Paper No. 29 at 29 (P.T.A.B. Jan 27, 2016) (“Status as a co-defendant of a joint defense group is insufficient to establish that CQG had control over the filing of the Petition in this proceeding.”).

<sup>339</sup> Caterpillar, Inc. v. Esco Corp., IPR2015-01032, Paper 12 (PTAB Oct. 15, 2015).

<sup>340</sup> Cox Communications, Inc. v. AT&T Intellectual Property I, L.P., IPR2015-01227, Paper 13 (Nov. 19, 2015).

<sup>341</sup> Adobe Inc. v. RAH Color Technologies, LLC, IPR2019-00627, Paper 15 (PTAB Apr. 25, 2019)

<sup>342</sup> *Id.* at 10.

<sup>343</sup> *Id.*

<sup>344</sup> *Id.* at 11-15.

## 2. Customer/supplier, manufacturer/distributor, indemnification

In general, the mere existence of an indemnification agreement between parties alone is not dispositive as to whether the indemnitor exercises or could exercise control over an IPR and needs to be named as an RPI.<sup>345</sup> Where other facts are present, however, such as that the parties had entered into an agreement that was deemed a cover for a distributor to pay a manufacturer for the cost of the IPR proceeding, and a one-year time bar applied to the distributor, the unnamed party may be considered an RPI and/or privy of the Petitioner.<sup>346</sup>

Three IPR petitions filed by General Electric Company (GE) against TransData, Inc. were denied institution based on a finding that GE was in privity with its customer Oklahoma Gas & Electric Company (OG&E), a defendant in a parallel district court litigation.<sup>347</sup> Under an indemnification agreement between GE and OG&E, GE had the opportunity to control the litigation arising from the service on OG&E of an infringement complaint asserting the challenged patent, thereby establishing privity between GE and OG&E with respect to the parallel litigation.<sup>348</sup> Since OG&E was served more than one year prior to the filing of the IPR petitions, the petitions were denied as time barred under 35 U.S.C. § 315(b).<sup>349</sup>

Additionally, while not explicitly in the RPI context, the Board has held that a customer and supplier relationship where an indemnification agreement was present was sufficient to consider two parties the same petitioner under a *General Plastic* analysis.<sup>350</sup> In *PayPal*, the Board used its discretion to deny PayPal's petition under § 314(a) in view of an earlier-filed petition by Ingenico, a supplier of PayPal with an indemnification agreement, even though the parties were not codefendants.<sup>351</sup> Accordingly, for purposes of *Garmin* factor one, PayPal was found to have a significant relationship with Ingenico due to their relationship and indemnification agreement, even accepting that PayPal's petition was prepared "without contribution from Ingenico."<sup>352</sup> The Board also noted that, although PayPal's petition challenged 5 additional claims compared to Ingenico's petition, it did not explain how it would be harmed by the Board not instituting the non-overlapping claims.<sup>353</sup>

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<sup>345</sup> Zerto, Inc. v. EMC Corp., IPR2014-01254, Paper 35 (PTAB Mar. 3, 2015); *see also* Nissan N. Am., Inc. v. Diamond Coating Techs., LLC, IPR2014-01546, Paper 10 (PTAB Apr. 21, 2015).

<sup>346</sup> See Ventex.

<sup>347</sup> See, e.g., Gen. Elec. Co. v. TransData, Inc., No. IPR2014-01380, Paper No. 34 at 12–13 (P.T.A.B. Apr. 15, 2015).

<sup>348</sup> *Id.* at 7-11.

<sup>349</sup> *Id.* at 11-13.

<sup>350</sup> See *PayPal Inc. v. IOEngine, LLC*, IPR2019-00884, Paper 22 (PTAB Oct. 3, 2019).

<sup>351</sup> *Id.* at 9.

<sup>352</sup> *Id.* at 11.

<sup>353</sup> *Id.* at 11-12.

## VI. *Evidentiary Issues*

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### A. PRESENTING EVIDENCE FROM PARALLEL PROCEEDINGS AT THE PTAB

The 2011 America Invents Act added an adversarial administrative proceeding to patent enforcement such that there are presently three fora commonly involving parallel proceedings, two administrative and one judicial: the International Trade Commission (ITC) via an investigation under 19 U.S.C. §1337, the Patent Trial and Appeal Board (PTAB) via Inter Partes Review under 35 U.S.C. §311, and federal courts via civil action for infringement under 35 U.S.C. §281. The PTAB saw the highest number of petitions filed in fiscal year 2021 since fiscal year 2018.<sup>354</sup> Similarly, litigants are increasingly utilizing the ITC, with fiscal year 2021 seeing the largest number of new complaints and ancillary proceedings.<sup>355</sup> In 2021, new district court filings notched their highest annual number since 2017.<sup>356</sup>

Congress addressed the potential for parallel proceedings among the fora. In the context of a parallel ITC investigation and federal court litigation, 28 U.S.C. §1659 provides for a stay of the federal court litigation in favor of the ITC investigation. In the context of parallel PTAB Inter Partes Review and ITC investigations or federal court litigation, “the agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”<sup>357</sup> In the event that Inter Partes Review is instituted, “[t]he Supreme Court has long recognized that district courts have broad discretion to manage their dockets, including the power to grant a stay of proceedings.”<sup>358</sup>

Where discretion to deny institution is not exercised or stays by the district court are not entered, parallel proceedings may progress. Situations can arise where it would be advantageous to present evidence from the district court or ITC to the PTAB. While doing so might lessen expense or simplify issues, the primary motivator is often to import a favorable outcome from the district court and/or ITC to the PTAB. However, navigating the procedures for doing so can prove

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<sup>354</sup> See PTAB Trial Statistics FY22 Q1 Outcome Roundup IPR, PGR, p. 6.; [https://www.uspto.gov/sites/default/files/documents/ptab\\_aia\\_fy2022\\_q1\\_\\_roundup.pdf](https://www.uspto.gov/sites/default/files/documents/ptab_aia_fy2022_q1__roundup.pdf) (Last Accessed Mar. 28, 2022).

<sup>355</sup> See Section 337 Statistics: Number of New, Completed, and Active Investigations by Fiscal Year (Updated Quarterly); [https://www.usitc.gov/intellectual\\_property/337\\_statistics\\_number\\_new\\_completed\\_and\\_active.htm](https://www.usitc.gov/intellectual_property/337_statistics_number_new_completed_and_active.htm) (Last Accessed Mar. 28, 2022).

<sup>356</sup> See Omnibus Report (2008 to Present); Overview of Patent Litigation Activity, Docket Navigator; <https://search.docketnavigator.com/patent/binder/491923/0> (Last Accessed Apr. 6, 2022).

<sup>357</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016); see also, *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential); *NHK Spring Co. v. Intrix-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (Sept. 12, 2018) (precedential).

<sup>358</sup> *Procter & Gamble Co. v. Kraft Foods Glob., Inc.*, 549 F.3d 842, 848–49 (Fed. Cir. 2008) (citing *Landis v. N. Am. Co.*, 299 U.S. 248, 254–55 (1936)).

challenging. While the discussion below focuses on evidentiary considerations, prior publications have provided expansive commentary on best practices for handling these parallel proceedings.<sup>359</sup>

## 1. Benefits and risks of presenting evidence from parallel proceedings

Under *Fintiv*, evidence from parallel proceedings is considered highly relevant in deciding discretionary denials, especially as to overlap of validity issues and timing. While best practices for addressing *Fintiv* considerations have been addressed in prior publications<sup>360</sup>, it is important to recall that evidence from parallel proceedings will be scrutinized by the Board when determining whether or not to grant institution. For example, evidence of a party's claim constructions can be considered under *Fintiv* and can justify denial where the party's claim constructions in the petition are in "substantive disagreement" with the prior proceeding.<sup>361</sup>

Practical considerations generally dictate that presentation of certain evidence is advantageous pre-institution, while other evidence is generally presented only post-institution. The relevant questions pre-institution are: (i) whether or not the petitioner has met its burden, and (ii) whether or not discretionary denial, such as under *Fintiv*, is appropriate. Post-institution the focus is entirely on the first of these questions, and the Board's analysis often focuses on the counterarguments made by the parties.

Both parties can submit evidence of opposing party admissions to support their interpretations of the claims and/or prior art pre-institution. For example, where the patent owner has advocated in the district court for an interpretation of a claim term in order to support its infringement theory, the petitioner could introduce in its petition evidence of this interpretation. Conversely, a patent owner can introduce such evidence in its preliminary response in an effort to illustrate inconsistent positions taken by the petitioner across the proceedings. In order to optimally address *Fintiv* arguments, the parties should consider submitting a docket sheet or scheduling order to show the amount of substantive work that has been done or that is yet to do in the parallel proceeding.

Evidence of objective indicia of nonobviousness (also referred to as secondary considerations), including evidence of long felt need, industry praise, licensing, and commercial success, can be utilized by patent owners in PTAB proceedings. Objective indicia are often introduced in parallel proceedings where discovery is traditionally more expansive than at the PTAB. However, there are some situations (detailed below) where patent owners should consider deploying objective indicia in an effort to avoid invalidity.

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<sup>359</sup> See The Sedona Conference Commentary on Patent Litigation Best Practices: Parallel USPTO Proceedings Chapter ("Stage One"), October 2016; The Sedona Conference Commentary on Patent Litigation Best Practices: Parallel USPTO Proceedings Chapter ("Stage Two") July 2017.

<sup>360</sup> See The Sedona Conference Commentary on Patent Litigation Best Practices: Biopharma Litigation Chapter, October 2021, 32–33.

<sup>361</sup> See *Bumble Trading LLC v. KinectUS LLC*, IPR2021-00765, Paper 13, p. 18 (Oct. 21, 2021).

Pre-institution, the PTAB has generally declined to draw conclusions from objective indicia where the petitioner has not had an opportunity to fully address the patent owner's contentions.<sup>362</sup> Patent owners have found success where the objective indicia were raised during prosecution and the petitioner failed to adequately address the objective indicia in its petition.<sup>363</sup> Thus, petitioners are cautioned to carefully review the prosecution history and address any objective indicia in their petitions. Patent owners have also been successful where previous proceedings (rather than just the prosecution history) addressed objective indicia and the petitioner failed to adequately combat the findings of those previous proceedings as to the objective indicia.<sup>364</sup> This is also true where the previous proceedings did not involve the petitioner, so long as the petitioner knew of the previous proceedings.<sup>365</sup>

Unless one of these situations applies, objective indicia are usually best suited for post-institution use. Avoiding the use of objective indicia pre-institution focuses the Board's attention on discretionary grounds, such as *Fintiv*, and merits-based arguments that are more likely to result in denial. Additionally, delaying the introduction of objective indicia enables a patent owner to keep the issue fresh for subsequent use of the objective indicia either in the district court/ITC proceeding (if not yet presented there) or the PTAB proceeding (if instituted). If institution is denied, it is also possible to negotiate a settlement in the district court or ITC proceeding before the objective indicia is presented, thus enabling the patent owner to avoid developing this evidence entirely.

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<sup>362</sup> See *UPL Ltd. v. Agrofresh Inc.*, IPR2017-01919, Paper 8, pp. 35–36 (Mar. 7, 2018); *Patent Quality Assurance, LLC v. VLSI Tech. LLC*, IPR2021-01229, Paper 10, p. 23 (Jan. 26, 2022); *Google LLC v. Neonode Smartphone LLC*, IPR2021-01041, Paper 19, pp. 37–38 (Jan. 13, 2022); *Halliburton Energy Services, Inc. v. U.S. Well Services, LLC*, IPR2021-01538, Paper 9, p. 29 (Mar. 16, 2022).

<sup>363</sup> See *Gilead Sciences, Inc. v. U.S.*, IPR2019-01453, Paper 14, p. 29 (Feb. 20, 2020) (“The Board sometimes puts off until trial exploration into, and conclusions on, alleged objective indicia of nonobviousness, especially when the objective indicia are raised for the first time in a patent owner’s preliminary response, and a petitioner has no reasonable *a priori* notice of such evidence or argument. That might be an appropriate approach to deal with, for example, Patent Owner’s assertions of industry praise or copying at the institution stage. . . . But the same cannot be said for the specific evidence of unexpected results that prompted allowance of the challenged claims.”); *Merck Sharp & Dohme Corp. v. Genentech, Inc.*, PGR2021-00039, Paper 10, pp. 33–34, 36 (July 24, 2021); *Glaxosmithkline Consumer Healthcare Holdings (US) LLC v. Cipla LTD.*, IPR2020-00371, Paper 7, pp. 17–21 (July 31, 2020); *Omron Oilfield & Marine Inc. v. MD/TOTCO*, IPR2013-00265, Paper 11 at 12-16 (PTAB Oct. 31, 2013); *Merial Ltd. v. Virbac*, IPR2014-01279, Paper 13 at 27 (PTAB Jan. 22, 2015) (“[Petitioner] was aware of the unexpected results . . . which the Examiner found persuasive . . . . [Petitioner] should have addressed unexpected results in the first instance.”); *Coalition for Affordable Drugs V LLC v. Hoffman–LaRoche, Inc.*, IPR2015–01792, Paper 14 at 18 (PTAB Mar. 11, 2016) (“[Petitioner] should have addressed the evidence of unexpected results [relied upon by the examiner] as part of Petitioner’s showing of a reasonable likelihood of success on the merits.”).

<sup>364</sup> See *Robert Bosch Tool Corp. v. SD3, LLC*, IPR2016-01753, Paper 15, p. 28 (Mar. 22, 2017) (“We have cautioned petitioners in prior proceedings that known evidence of secondary considerations should be addressed in the Petition.”); *Semiconductor Components Industries, LLC v. Power Integrations, Inc.*, IPR2016-01588, Paper 15, pp. 28–29 (Feb. 17, 2017).

<sup>365</sup> See *Stryker Corporation v. KFx Medical LLC*, IPR2019-00817, Paper 10, pp. 27–29 (Sept. 16, 2019).

Where the objective indicia include sensitive information, such as sales or market share data, it can be desirable to limit use of the objective indicia, even if filed under seal.<sup>366</sup> Moreover, it can be desirable to delay presentation of the objective indicia until after institution due to development of evidence in a parallel proceeding. For example, if a district court proceeding is advancing relatively slowly or the PTAB proceeding commenced shortly after the district court proceeding, it is possible that discovery relevant to secondary considerations is ongoing when the patent owner's preliminary response is due.<sup>367</sup>

Another form of evidence that the parties may consider pre-institution is that of expert witness testimony from a previous or related proceeding. The PTAB has, for example, permitted introduction of expert witness testimony from a previous PTAB proceeding,<sup>368</sup> a parallel ITC proceeding,<sup>369</sup> and a parallel district court proceeding.<sup>370</sup>

While the patent owner is entitled to a response to the petition that is not limited in evidentiary scope (except as being limited to the asserted grounds)<sup>371</sup>, the petitioner's reply can only introduce new evidence that could not have been presented earlier<sup>372</sup> and is limited to arguments raised in the patent owner's response.<sup>373</sup> The patent owner is entitled to a sur-reply that is similarly limited. Accordingly, the parties are often tasked with determining whether it would be advantageous to submit subsequent developments from the parallel proceedings to the PTAB. In situations where the opposing party has taken an inconsistent position or the fact finder has made a favorable determination, introduction of this evidence may be helpful. For example, it can be beneficial to advance evidence of a party's advocated claim construction in order to affect the construction at the PTAB.

After institution, the parties can consider again the question of admitting evidence from parallel proceedings. While a petitioner is not permitted to change its arguments from those set forth in the petition, the petitioner could introduce evidence from parallel proceedings that has developed since the petition was filed. For example, a petitioner could seek entry of a claim construction order that was entered after the petitioner was filed. The patent owner, on the other hand, is not limited in what evidence it can seek to introduce to combat the petitioner's allegations.

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<sup>366</sup> See 37 C.F.R. §42.54.

<sup>367</sup> See 35 U.S.C. §313, 37 C.F.R. §42.107.

<sup>368</sup> See *Nevro Corp. v. Boston Scientific Neuromodulation Corp.*, IPR2019-01318, Paper 10, pp. 25-27 (Jan. 23, 2020).

<sup>369</sup> See *Agamatrix, Inc. v. Dexcom, Inc.*, IPR2018-01718, Paper 10, p. 9 (Mar. 13, 2019); *MediaTek Inc et al. v. Advanced MicroDevices, Inc. et al.*, IPR2018-00101, Paper 13, pp. 11-13 (Apr. 27, 2018); *c.f.* *Intel Corp. v. Qualcomm, Inc.*, IPR2018-01344, Paper 8, pp. 28-29 (Jan. 23, 2019) (PTAB failed to consider an ITC determination based on expert testimony that was not submitted to the PTAB).

<sup>370</sup> See *Samsung Elects. America, Inc. v. Proxense, LLC*, IPR2021-01444, Paper 11, p. 13 (Feb. 28, 2022).

<sup>371</sup> See 35 U.S.C. §§316(a)(8), 326(a)(8); 37 C.F.R. §42.120.

<sup>372</sup> See Patent Trial and Appeal Board Consolidated Trial Practice Guide November 2019, p. 73.

<sup>373</sup> See 37 C.F.R. §42.23.

Regardless of procedural timing, the moving party must be cognizant of the differing standards to which the district court and the ITC abide. Unlike PTAB proceedings which are evaluated according to a preponderance of the evidence standard<sup>374</sup>, ITC<sup>375</sup> and district court proceedings<sup>376</sup> apply a clear and convincing evidentiary standard. While findings from the parallel proceedings are not binding on the PTAB, this difference in standards often weighs in favor of the PTAB adopting findings when parties establish materiality of the findings to the PTAB proceeding.<sup>377</sup>

Where problems of justice do arise, the issue is usually inconsistent application of the findings, rather than the inconsistent standards across the proceedings. The PTAB should be cognizant of these issues and tend towards admission of relevant findings in its proceedings. This would ensure that a result that is consistent with the intent of its enabling act is provided by the PTAB. Indeed, the decision by the PTAB to adopt the claim construction standard used in district courts and the ITC indicates an inclination towards standardizing results across proceedings.<sup>378</sup> The PTAB is apt to place the burden on the parties to persuasively explain why the PTAB should depart from the construction adopted in the parallel proceedings<sup>379</sup> or past proceedings.<sup>380</sup>

## 2. Types of evidence

Introducing evidence of a party's inconsistent positions can illuminate how a party is, for example, twisting claim language “like a ‘nose of wax’” to suit its objectives depending on the proceeding.<sup>381</sup> A fundamental precept of patent law is that patents should be applied the same way for infringement as they are for validity. If the claims are applied differently they become a “nose of wax” leading to inequitable results. The varied evidentiary standards amongst the proceedings, as well as the diverse mechanisms for challenging validity, can lend itself to an environment where parties must occasionally contort their positions to fit the particulars of the proceedings. This was particularly apparent when the Patent Office applied the broadest reasonable interpretation standard to claims construction, a standard not applied for patent infringement. In such earlier situations, the

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<sup>374</sup> See 35 U.S.C. §§316(e), 326(e); Nobel Biocare Servs. AG v. Instradent USA, Inc., 903 F.3d 1365, 1375 (Fed. Cir. 2018).

<sup>375</sup> See Nobel, 903 F.3d at *id.*

<sup>376</sup> See Microsoft Corp. v. i4i Ltd. P'ship, 564 U.S. 91, 95, 131 S. Ct. 2238, 2242 (2011).

<sup>377</sup> The PTAB has declined to consider this difference a sufficient justification for institution when its analysis under Fintiv otherwise tilts towards denial. See Canadian Solar Inc. and Canadian Solar (USA) Inc. v. The Solaria Corp., IPR2021-00659, Paper 14, p. 13 (Sep. 30, 2021).

<sup>378</sup> See 83 FR 51340 (“To promote fairness, balance, predictability, and certainty in the patent system, the Office is exercising its statutory authority . . . to adopt the federal court claim construction standard, which is articulated in Phillips, for interpreting claims in AIA proceedings, harmonizing the claim construction standards between AIA proceedings and proceedings before the federal courts and ITC.”).

<sup>379</sup> See Med-El Elektromedizinische Geräte GES.M.B.H. v. Sonova AG, IPR2021-00023, Paper 28, p. 15 (Mar. 31, 2022); Neenah, Inc. v. Jodi A. Schwendimann, IPR2020-00915, Paper 29, p. 11 (Nov. 1, 2021).

<sup>380</sup> See Xilinx, Inc. v. Arbor Global Strategies, LLC, IPR2020-01568, Paper 39, p. 17 (Mar. 2, 2022).

<sup>381</sup> See Amazon.com, Inc. v. Barnesandnoble.com, Inc., 239 F.3d 1343, 1351 (Fed. Cir. 2001).

claims would be applied restrictively for infringement and broadly for invalidity. While such approach was approved by the Supreme Court to be within the rule making authority if the Patent Office, it was abandoned by the Patent Office in favor of “harmonizing the claim construction standards between AIA proceedings and proceedings before the federal courts and ITC.”

Consequently, a patent owner may seek to introduce a claim construction from a parallel proceeding to the PTAB to support an argument that the petitioner has taken an inconsistent position. Moreover, evidence of the petitioner’s prior statements as to validity on grounds other than §§102 and 103 may be unavailing.<sup>382</sup> For example, the PTAB generally recognizes the ability of a petitioner to argue in district court that a claim is invalid under §112 and simultaneously argue that the claim is invalid under §§102 and/or 103.<sup>383</sup>

Aside from a party’s inconsistent statements in the parallel proceeding, the PTAB can also weigh a party’s silence, or failure to object to the fact finder’s determinations, against the party in the PTAB proceeding. For example, where a district court makes a determination as to claim language and a party does not object, the PTAB has refused to allow the party to reverse course.<sup>384</sup>

Parties should remember that PTAB proceedings do permit for limited discovery in some situations. Indeed, the PTAB has rejected the premise that the differing scope of discovery between district court proceedings and PTAB proceedings is a sufficient rationale to justify denial.<sup>385</sup> The Board will consider a motion for additional discovery upon a showing that the discovery is in the interests of justice.<sup>386</sup> The PTAB applies a strict multi-factor analysis when determining if this standard is met, and specifically questions whether the patent owner has articulated that it is “already . . . in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered.”<sup>387</sup> The PTAB will consider such a motion when filed pre-institution and will rule on

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<sup>382</sup> See *Zillow Group, Inc. v. Int’l Bus. Machines Corp.*, IPR2020-01656, Paper 8, p. 11 (Mar. 15, 2021); *Hospira, Inc. v. Amgen Inc.*, IPR2021-00528, Paper 7, p. 9 (Aug. 17, 2021); *Target Corp. v. Proxicom Wireless, LLC*, IPR2020-00931, Paper 10, p. 9 (Nov. 10, 2020).

<sup>383</sup> See *Zillow*, IPR2020-01656, p. 11 (“Patent Owner cites no authority nor are we aware of any authority for the proposition that we may not assess the patentability of claims in an inter partes review because the Petitioner also challenges those claims as indefinite in District Court.”).

<sup>384</sup> See *Lenovo (U.S.) Inc. v. Personal Audio LLC*, IPR2015-00845, Paper 20, pp. 18–20 (Sep. 17, 2015).

<sup>385</sup> See *Snap Inc. v. SRK Technology LLC*, IPR2020-00820, Paper 15 (PTAB Oct. 21, 2020) (precedential-in-part); *Huawei Techs Co., Ltd. v. WSOU Investments, LLC D/B/A Brazos Licensing and Development*, IPR2021-00223, Paper 10, p. 16 (Jun. 7, 2021).

<sup>386</sup> See 37 C.F.R. § 42.51(b)(2).

<sup>387</sup> *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 26, p. 6 (Mar. 5, 2013) (precedential); see *Microsoft Corp. et al. v. Koninklijke Philips Elects. N.V.*, IPR2017-01766, Paper 15, p. 12. (Jan. 16, 2018) (The “factors include whether the requested discovery: (1) is based on more than a mere possibility of finding something useful; (2) seeks the other party’s litigation positions or the basis for those positions; (3) seeks information that reasonably can be generated without the discovery requests; (4) is easily understandable; and (5) is overly burdensome to answer.”).

the motion in its institution decision.<sup>388</sup> Alternatively, the PTAB will consider such a motion filed after institution and provide a ruling prior to its Final Written Decision.<sup>389</sup>

In addition to the objective indicia being persuasive, the patent owner must establish that the objective indicia have a nexus to the claims.<sup>390</sup> The patent owner is entitled to a presumption of nexus when they “show that the asserted objective evidence is tied to a specific product and that product ‘embodies the claimed features, and is coextensive with them.’”<sup>391</sup>

The PTAB has found nexus where the patent owner presents evidence of an award received by the patent at issue from industry professionals.<sup>392</sup> Accordingly, it may be advantageous for patent owners to proactively consider opportunities for their critical patents to receive industry praise. Doing so on an ongoing and proactive basis may enable some of these patents to receive industry recognition that could support a finding of nexus should the patent be challenged at the PTAB.

If the patent owner cannot meet the bar for presumption of nexus, the patent owner can still establish nexus by “showing that the evidence of secondary considerations is the ‘direct result of the unique characteristics of the claimed invention.’”<sup>393</sup> The patent owner must adequately tie its product and objective indicia to the challenged claims as a whole – not to specific elements of the challenged claims.<sup>394</sup> Evidence in the form of sales figures alone can be sufficient to support a theory of nonobviousness based on commercial success.<sup>395</sup> The PTAB has yet to find in favor of a patent owner under such a theory pre-institution.

Where presumption of nexus is established, a petitioner can rebut this presumption by proffering evidence establishing that the objective indicia was “due to extraneous factors other than the patented invention.”<sup>396</sup> Petitioners are cautioned, however, that the mere presence of an

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<sup>388</sup> Microsoft, IPR2017-01766, pp. 14-15.

<sup>389</sup> See Taylor Made Golf Co., Inc. v. Parsons Xtreme Golf, LLC, IPR2018-00675, Paper 35 (Dec. 20, 2018).

<sup>390</sup> See Fox Factory, Inc. v. SRAM, LLC, 944 F.3d 1366, 1373 (Fed. Cir. 2019); Henny Penny Corp. v. Frymaster LLC, 938 F.3d 1324, 1332 (Fed. Cir. 2019)); WMS Gaming Inc. v. Int’l Game Tech., 184 F.3d 1339, 1359 (Fed. Cir. 1999); Demaco Corp. v. F. Von Langsdorff Licensing Ltd., 851 F.2d 1387, 1392 (Fed. Cir. 1988).

<sup>391</sup> See Fox Factory, 944 F.3d at 1373 (quoting Polaris Indus., Inc. v. Arctic Cat, Inc., 882 F.3d 1056, 1072 (Fed. Cir. 2018)).

<sup>392</sup> See Dish Network LLC v. Sound View Innovations, LLC, IPR2020-00969, Paper 20, pp. 25–26 (Nov. 25, 2020).

<sup>393</sup> See Fox Factory, 944 F.3d at 1373–1374 (citing In re Huang, 100 F.3d 135, 140 (Fed. Cir. 1996)).

<sup>394</sup> WBIP, LLC v. Kohler Co., 829 F.3d 1317, 1331–1332 (Fed. Cir. 2016).

<sup>395</sup> See Chemours Co. FC, LLC v. Daikin Indus., Ltd., 4 F.4th 1370 (Fed. Cir. 2021) (holding the Board erred in failure to consider that gross sales figures alone can establish commercial success); Tec Air, Inc. v. Denso Mfg. Mich. Inc., 192 F.3d 1353, 1360–61 (Fed. Cir. 1999) (holding “sales figures alone” are “evidence of commercial success”); Gambro Lundia AB v. Baxter Healthcare Corp., 110 F.3d 1573, 1579 (Fed. Cir. 1997) (relying on sales information to show commercial success).

<sup>396</sup> WBIP, 829 F.3d at 1329.

unclaimed feature in a product does not negate a presumption of nexus.<sup>397</sup> Where appropriate, it can be helpful for petitioners to discuss the importance of the unclaimed features. Where these unclaimed features are critical, the PTAB is less likely to find nexus.<sup>398</sup>

Where a petitioner fails to present more than conclusory assertions as to reliability of the objective indicia that are sufficient to establish nexus, but not a presumption of nexus, the PTAB is likely to find in favor of the patent owner.<sup>399</sup> Once established, a nexus can be rebutted by a petitioner presenting evidence that the objective indicia do not correspond to the challenged claims.<sup>400</sup> Similar to addressing presumption, the mere presence of unclaimed features in a product does not impugn an argument that the objective indicia are a result of the claimed invention.<sup>401</sup> Rather, Petitioners are more likely to find success in arguing that the objective indicia “exclusively relates to a feature that was ‘known in the prior art.’”<sup>402</sup>

In addition to its traditional usage in utility patents, object indicia can be a powerful asset in PTAB proceedings for design patents.<sup>403</sup> The test for establishing nexus is slightly reformulated in the design patent context. While by its letter, the test is still whether “the unclaimed features amount to nothing more than additional insignificant features,”<sup>404</sup> the PTAB will consider “what may be ‘significant’ in regards to an ornamental design for [the patented article].”<sup>405</sup> This underscores the importance during preparation of a design patent application of artfully balancing claiming as much of the article as possible while ensuring that designing around the coverage remains challenging for a competitor.

Another type of evidence to be considered relates to licensing. Patent owners may seek to introduce such evidence to illustrate commercial success. Patent owners should be aware that the “mere existence of a license, without evidence that the license was entered into because of the

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<sup>397</sup> See *Teva Pharm. Int’l GmbH v. Eli Lilly and Co.*, 8 F.4th 1349, 1361 (Fed. Cir. 2021) (finding that Board erred “to the extent the Board announced a bright-line rule that the presumption of nexus does not apply if any unclaimed feature materially affects the functioning of a product that is alleged to be coextensive”).

<sup>398</sup> See *EIS GMBH v. Novoluto GMBH*, IPR2020-00007, Paper 41, pp. 52–53 (Sep. 23, 2021).

<sup>399</sup> See *Echelon Fitness Multimedia, LLC v. Peloton Interactive, Inc.*, IPR2020-01541, Paper 54, pp. 54–55, 58 (Mar. 2, 2022).

<sup>400</sup> See *Henny Penny*, 938 F.3d at 1332.

<sup>401</sup> See *Echelon Fitness Multimedia, LLC v. Peloton Interactive, Inc.*, IPR2020-01541, Paper 54, p. 58 (Mar. 2, 2022).

<sup>402</sup> *Rambus Inc. v. Rea*, 731 F.3d 1248, 1257 (Fed. Cir. 2013); see *WBIP*, 829 F.3d at 1330–31 (“[T]he fact that an isolated feature may be present in the prior art may not render irrelevant objective evidence of non-obviousness of that feature in the claimed combination.”).

<sup>403</sup> See *Campbell Soup Co. v. Gamon Plus, Inc.*, IPR2017-00091, Paper 113, pp. 38–40 (Jul. 29, 2020); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1124 (Fed. Cir. 1993).

<sup>404</sup> *Fox Factory, Inc.*, 944 F.3d at 1374.

<sup>405</sup> *Campbell Soup Co.*, IPR2017-00091, p. 42.

merits of the claimed invention, is of limited probative value.”<sup>406</sup> Therefore, patent owners would be wise to build a record that supports their licensing being tied to the merits of the claimed invention.<sup>407</sup> For example, having a recital in the license explaining that the licensee seeks to utilize the advantages of the claimed invention may be helpful in advancing nonobviousness arguments in subsequent proceedings at the PTAB.

Evidence of long felt need also can tip the scales towards the patent owner. Here, the PTAB will primarily be concerned with evidence of the failure of others to satisfy the long felt need. The use of multiple declarants to attest to this need can be a successful tactic to deploy.<sup>408</sup> Copying is another form of evidence that patent owners can consider.<sup>409</sup> Patent owners are likely to find the most success where an expert opines as to the similarities present in the petitioner’s product.<sup>410</sup>

At bottom, the PTAB is ultimately responsible for the safe carriage of justice in its proceedings. Rather than facilitating the coexistence of different evidentiary records, the PTAB should seek to harmonize its record with that of the parallel proceedings. Doing so maximizes the likelihood of achieving justice at the PTAB while fulfilling the PTAB’s important objective of providing a specialized alternative forum for adjudicating validity.

### **3. Presenting evidence from a parallel district court case at the PTAB**

A moving party should carefully consider how an opposing party might use any evidence introduced to the PTAB against the moving party. If the evidence is not favorable to the patent owner, this could be done without introducing the evidence. Specifically, the patent owner could file a copy of the docket sheet of the parallel proceeding and utilize the docket sheet to indicate the progress of the district court proceeding. This approach advances the patent owner’s *Fintiv* arguments without the risk of the unfavorable evidence being used against the patent owner in future.

In order to advance arguments as to the progression of the parallel proceeding prong of *Fintiv*, a party should consider submitting a copy of the scheduling order from the parallel proceeding. The PTAB is primarily concerned with substantive determinations that have been made or will be made prior to its Institution Decision. Where more of these deadlines fall before the PTAB makes its Institution Decision, the PTAB is more likely to deny institution under *Fintiv*.

One barrier to importing evidence from the district court to the PTAB can relate to public accessibility. *Inter Partes* review (IPR) proceedings at the PTAB are limited to patents and printed

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<sup>406</sup> See *Medtronic, Inc. et al. v. Teleflex Life Sciences Limited*, IPR2020-01344, Paper 69, p. 45 (Feb. 23, 2022), citing *Iron Grip Barbell Co. v. USA Sports, Inc.*, 392 F.3d 1317, 1324 (Fed. Cir. 2004); *In re Antor Media Corp.*, 689 F.3d 1282, 1293–94 (Fed. Cir. 2012).

<sup>407</sup> See *Varian Medical Systems, Inc. v. William Beaumont Hospital*, IPR2016-00170, Paper 69, p. 53 (May 4, 2017).

<sup>408</sup> See *Medtronic*, IPR2020-01344, pp. 40–43.

<sup>409</sup> *Crocs, Inc. v. Int’l Trade Comm’n*, 598 F.3d 1294, 1311 (Fed. Cir. 2010) (“Copying may indeed be another form of flattering praise for inventive features.”).

<sup>410</sup> See *EIS*, IPR2020-00007, pp. 63–65.

publications.<sup>411</sup> In some situations, an asserted reference may be relied upon for invalidity in the district court while not qualifying as a printed publication at the PTAB. In this regard, a “Petitioner bears the burden at the institution stage ‘to identify with particularity evidence sufficient to establish a reasonable likelihood that the reference was publicly accessible before the critical date of the challenged patent, and therefore that there is a reasonable likelihood that it qualifies as a printed publication.’”<sup>412</sup> The reasonable likelihood standard is “a higher standard than mere notice pleading,” but “lower than the ‘preponderance’ standard to prevail in a final written decision.”<sup>413</sup>

Whether the petition satisfies this burden is a fact-intensive, case-by-case inquiry<sup>414</sup> whether “the indicia on the face of a reference, such as printed dated and stamps, are considered part of the totality of the evidence.”<sup>415</sup> Where the reference is a journal article (or similar), the PTAB will consider whether the reference bears designations (e.g., draft, confidential) “that might suggest that [the reference was] not intended for public distribution.”<sup>416</sup> Regardless, petitioners are wise to submit ample evidence of public accessibility in support of their petition.<sup>417</sup> Patent owners wishing to contest public availability should similarly focus on the facts and, in particular, any supporting declarations provided by the petitioner.<sup>418</sup>

#### 4. Presenting evidence from a parallel ITC Investigation at the PTAB

While there are many differences between district court and ITC proceedings, one of most relevant to the PTAB is the generally faster timeline to which ITC proceedings adhere. As a result, a parallel ITC proceeding is generally more likely to result in denial under *Fintiv* than a parallel district

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<sup>411</sup> See 35 U.S.C. 311(b).

<sup>412</sup> Facebook, Inc. v. Express Mobile, Inc., IPR2021-01457, Paper 10, p. 18 (Mar. 18, 2022), quoting Hulu, LLC v. Sound View Innovations, LLC, IPR2018-01039, Paper 29 at 16 (Dec. 20, 2019) (precedential).

<sup>413</sup> *Hulu*, IPR2018-01039 at p. 13.

<sup>414</sup> See *In re Kopfenstein*, 380 F.3d 1345, 1350 (Fed. Cir. 2004) (The determination of whether a document is a “printed publication” under 35 U.S.C. §102 “involves a case-by-case inquiry into the facts and circumstances surrounding the reference’s disclosure to members of the public.”).

<sup>415</sup> *Hulu*, IPR2018-01039 at pp 17–18.

<sup>416</sup> Nobel Biocare Servs. AG v. Instradent USA, Inc., 903 F.3d 1365, 1377 (Fed. Cir. 2018); see *Edwards Lifesciences Corp. et al. v. Aortic Innovations, LLC*, IPR2021-01527, Paper 15, pp. 29-30 (Mar. 17, 2022).

<sup>417</sup> See *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1348 (Fed. Cir. 2016) (quoting *In re Cronyn*, 890 F.2d 1158, 1160 (Fed. Cir. 1989)) (“To qualify as a printed publication, a reference ‘must have been sufficiently accessible to the public interested in the art.’”); *In re Hall*, 781 F.2d 897, 899 (Fed. Cir. 1986) (“Public accessibility” is considered to be “the touchstone in determining whether a reference constitutes a ‘printed publication’ bar under 35 U.S.C. §102(b).”); *SRI Int’l, Inc. v. Internet Sec. Sys., Inc.*, 511 F.3d 1186, 1194 (Fed. Cir. 2008) (quoting *Bruckelmyer v. Ground Heaters, Inc.*, 445 F.3d 1374, 1378 (Fed. Cir. 2006)) (“A given reference is ‘publicly accessible’ upon a satisfactory showing that such document has been disseminated or otherwise made available to the extent that persons interested and ordinarily skilled in the subject matter or art exercising reasonable diligence, can locate it.”).

<sup>418</sup> See *Kinaxis Inc et al. v. Blue Yonder Group, Inc.*, IPR2021-01318, Paper 30, pp. 9-10 (Feb. 9, 2022).

court proceeding. Patent owners should consider submitting procedural schedules from the ITC proceeding to support *Fintiv* arguments. Petitioners should take note that the relevant temporal comparison under the *Fintiv* analysis is the projected date for the ITC's Final Determination to the projected date for the PTAB's Final Written Decision – not a comparison between the ITC's Initial Determination and the PTAB's Institution Decision.<sup>419</sup>

In order to mitigate risk of denial, petitioners are wise to commence proceedings at the PTAB as soon as possible. For example, a delay of a mere 2 months after institution of an ITC proceeding has been insufficient to avoid denial.<sup>420</sup> Similarly, the PTAB has not excused delay for the purpose of receiving expert reports in the ITC proceeding.<sup>421</sup> Where the petitioner acts quickly, such as before filing a response to the ITC complaint, the ITC proceeding may not be a barrier to institution under *Fintiv*.<sup>422</sup> Even where a petition presents a reasonable likelihood of success, the PTAB has been inclined to deny institution based on the overlap and timing factors of *Fintiv*.<sup>423</sup>

As discussed above, a stipulation can be effective in swaying the PTAB towards institution in some situations.<sup>424</sup> Even where a combination of prior art references is not explicitly relied upon for invalidity in the ITC proceeding, an implicit reliance upon this combination – such as through a catch-all statement referring to references relied upon in the PTAB proceeding – can be sufficient for the overlap prong of *Fintiv* to weigh in favor of denial.<sup>425</sup> Therefore, the parties should carefully consider the extent to which the prior art references in the PTAB proceeding are referred in the ITC proceeding and whether any implicit reliance upon them exists. Additionally, institution may be more likely where the ITC proceeding only involves a subset of the claims at issue before the PTAB.<sup>426</sup>

Patent owners should be cognizant of the non-binding nature of findings from ITC proceedings on the PTAB. The PTAB is apt to conduct its own analysis and reach its own determination, even if the ITC proceeding is concluded based upon a different determination.<sup>427</sup> Initial Determinations made in ITC proceedings can be imported into the PTAB proceedings by a party. For example, where an Initial Determination is made that the petitioner copied the patent

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<sup>419</sup> See *Samsung Elec. Co. Ltd. v. Evolved Wireless LLC*, IPR2021-00949, Paper 8, p. 12 (Nov. 29, 2021); *Roku, Inc. v. Universal Elecs., Inc.*, IPR2021-00299, Paper 9, p. 12. (July 13, 2021).

<sup>420</sup> See *Nintendo Co., Ltd. v. GameVice, Inc.*, IPR2020-01197, Paper 13, p. 15 (Jan. 12, 2021); *Intel Corp. v. Koninklijke Philips N.V.*, IPR2021-00328, Paper 9, p. 8. (July 16, 2021).

<sup>421</sup> See *Roku*, IPR2021-00299, pp. 13–14.

<sup>422</sup> See *Apple, Inc. v. Alivecor, Inc.*, IPR2021-00972, Paper 10, pp. 11–13 (Dec. 8, 2021).

<sup>423</sup> See *Canadian Solar*, IPR2021-00659, pp. 15–16.

<sup>424</sup> See *SharkNinja Operating LLC v. iRobot Corp.*, IPR2021-00545, Paper 11, pp. 6–10 (Sept. 8, 2021).

<sup>425</sup> See *Intel*, IPR2021-00328, pp. 12–13.

<sup>426</sup> See *Volkswagen Group of America, Inc. v. Arigna Tech. Ltd.*, IPR2021-01531, Paper 7, p. 10 (Mar. 16, 2022).

<sup>427</sup> See *Philip Morris Products, S.A. v. RAI Strategic Holdings, Inc.*, IPR2020-01094, Paper 29, pp. 10–11 (Jan. 11, 2022); *Advanced Micro Devices, Inc. v. Monterey Research, LLC*, IPR2020-00985, Paper 31, p. 11 (Nov. 30, 2021).

owner's patented technology, the Initial Determination can be submitted in the PTAB proceeding to support a theory of nonobviousness on the basis of the copying.<sup>428</sup>

## **B. PROTECTING CONFIDENTIALITY OF EVIDENCE SUBMITTED TO THE PTAB**

Because IPRs are instituted as to the validity of patents in view of printed prior art, that is, published material, there is less occasion to restrict disclosure of evidence submitted in those proceedings, as compared to district court infringement litigation that typically involve discovery and proof of non-public aspects of accused instrumentalities and the businesses of multiple parties relative to damages. Nonetheless, the PTAB not infrequently considers in trials within its jurisdiction (including IPRs) confidential business and technical information relevant to such issues as commercial success.

In constituting the PTAB as authorized by the AIA, the USPTO promulgated in 2012, after receiving extensive comments summarized in its rulemaking, a least four regulations addressed to confidential information under the general rules for PTAB trials, 37 C.F.R. § 42.14 (public availability – sealing),<sup>429</sup> § 42.54 (protective order),<sup>430</sup> § 42.55 (confidential information in a petition),<sup>431</sup> and § 42.56 (expungement of confidential information),<sup>432</sup> as well as their application under its Office Trial Practice Guide.<sup>433</sup>

### **1. Default protective order (Nov. 2019 Trial Practice Guide, Appendix B)**

The “default protective order” was provided in Appendix B to the 2012 Office Trial Practice Guide, which stated, “The following Standing Protective Order will be automatically entered into the proceeding upon the filing of a petition for review or institution of a derivation.”<sup>434</sup> However, the 2018 Trial Practice Guide Update provided in its new Appendix A (sample scheduling order),

No protective order shall apply to this proceeding until the Board enters one. If either party files a motion to seal before entry of a protective order, a jointly proposed protective order shall be filed as an exhibit with the motion. The Board encourages the parties to adopt the

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<sup>428</sup> See *Hytera Communications Co. Ltd. v. Motorola Solutions, Inc.*, IPR2017-02183, Paper 47, pp. 26-27 (May 13, 2019).

<sup>429</sup> 77 Fed. Reg. 48612, 48672 (Aug. 14, 2012).

<sup>430</sup> 77 Fed. Reg. 48612, 48675 (Aug. 14, 2012).

<sup>431</sup> 77 Fed. Reg. 48612, 48675 (Aug. 14, 2012).

<sup>432</sup> 77 Fed. Reg. 48612, 48675 (Aug. 14, 2012).

<sup>433</sup> 77 Fed. Reg. 48756, 48760-61 [General Rules Section I(E) – Public Availability and Confidentiality], 48769-71 [Appendix B – Protective Order Guidelines, including “Default Protective Order” at 48771] (Aug. 14, 2012), updated in PTAB Consolidated Trial Practice Guide 19-22, 107-22 (Nov. 2019), available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

<sup>434</sup> 77 Fed. Reg. at 48771 (emphasis added).

Board's default protective order if they conclude that a protective order is necessary. *See* Practice Guide, App'x B (Default Protective Order).<sup>435</sup>

The default protective order is much like protective orders common to patent infringement cases but does not provide “multi-level” restrictions such as “outside attorneys’ eyes only” for particularly sensitive business strategic information or special restrictions for source code. The default protective order allows access to in-house counsel. In a renumbered section that also expressly included corporate officers among “other employees” of a party, Appendix B provides that access would be allowed only by agreement between the parties or by motion where the opposing party has the burden of proving the case for restriction. The standard acknowledgment requires submission to the jurisdiction of the Office and of the United States District Court for the District of Virginia.

## **2. Modifications and alternatives to the default protective order**

As quoted above, the Office prefers its default protective order. It states:

If the parties choose to propose a protective order deviating from the default protective order, they must submit the proposed protective order jointly along with a marked-up comparison of the proposed and default protective orders showing the differences between the two and explain why good cause exists to deviate from the default protective order.<sup>436</sup>

## **3. Termination of a PTAB proceeding**

### **a. Protecting confidential information after settlement**

There are two types of confidential information to be considered after settlement: (1) documents submitted under seal (pursuant to 37 C.F.R. § 42.14) and (2) settlement documents required under 35 U.S.C. §§ 135(e) (derivation), 317(b) (IPRs) and 327(b) (PGRs) and 37 C.F.R. § 42.74. For the first type (sealed), the Office states in its Trial Practice Guide:

Confidential information that is subject to a protective order ordinarily would become public 45 days after denial of a petition to institute a trial or 45 days after final judgment in a trial. There is an expectation that information will be made public where the existence of the information is referred to in a decision to grant or deny a request to institute a review or is identified in a final written decision following a trial. A party seeking to maintain the confidentiality of information, however, may file a motion to expunge the information from the record prior to the information becoming public. 37 C.F.R. § 42.56. The rule balances the needs of the parties to submit confidential information with the public interest in maintaining a complete and understandable file history for public notice purposes. The rule

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<sup>435</sup> Trial Practice Guide Update 24 [general instructions - protective order] (Aug. 2018), available at [https://www.uspto.gov/sites/default/files/documents/2018\\_Revised\\_Trial\\_Practice\\_Guide.pdf](https://www.uspto.gov/sites/default/files/documents/2018_Revised_Trial_Practice_Guide.pdf), carried over to PTAB Consolidated Trial Practice Guide 99. The abrogation of automatic application was reiterated in the 2019 Trial Practice Guide Update 6 (July 2019) (“A protective order is not entered by default but must be proposed by one or more parties and must be approved and entered by the Board”) carried over to PTAB Consolidated Trial Practice Guide 19-20.

<sup>436</sup> PTAB Consolidated Trial Practice Guide 91.

encourages parties to redact sensitive information, where possible, rather than seeking to seal entire documents.<sup>437</sup>

A settlement will result in a denial of a petition to institute or a final judgment if trial is instituted. Thus, a motion to expunge (next subsection) should be made within 45 days of such denial or judgment (even if appealed).

For the second type, which broadly includes also “any collateral agreements referred to in such [settlement] agreement or understanding, made in connection with or in contemplation of the termination [of the proceeding],”<sup>438</sup> the AIA provides:

At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents, and shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.<sup>439</sup>

The Office Rule doesn’t specifically refer to collateral agreements,<sup>440</sup> but specifies that non-federal agency parties must also make a written request along with a fee and show good cause.<sup>441</sup>

#### **b. Expunging confidential information in the record**

The Office’s 37 C.F.R. § 42.56 (expungement) is neutrally permissive on its face. However, in its rulemaking, the Office rejected a proposal that “confidential material should be destroyed following the trial unless a petition to unseal is filed within 45 days of decision by the Office, or that at a minimum that petitions to expunge should be granted in all but extraordinary circumstances.” In doing so, it cited Congress’s direction in 35 U.S.C. §§ 316(a)(1) and 326(a)(1) to make the file “available to the public” and encouraged redaction rather than sealing of entire documents.<sup>442</sup> In its Trial Practice Guide section I(E)(6) on expungement, the Office set forth its policy as quoted in the prior subsection and warned in its sample scheduling order appendices:

The Board has a strong interest in the public availability of trial proceedings. Redactions to documents filed in this proceeding should be limited to the minimum amount necessary to protect confidential information, and the thrust of the underlying argument or evidence must be clearly discernible from the redacted versions. We also advise the parties that information subject to a protective order may become public if identified in a final written decision in this proceeding, and that a motion to expunge the information will not

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<sup>437</sup> PTAB Consolidated Trial Practice Guide 21-22 (Section I(E)(6), carried over from 77 Fed. Reg. at 48761.

<sup>438</sup> 35 U.S.C. §§ 317(b), 327(b).

<sup>439</sup> *Id.*

<sup>440</sup> 37 C.F.R. § 42.74(b).

<sup>441</sup> 37 C.F.R. § 42.74(c)(2).

<sup>442</sup> 77 Fed. Reg. at 48644-45.

necessarily prevail over the public interest in maintaining a complete and understandable file history.<sup>443</sup>

Generally, PTAB panels have provided fairly standard language in reminding of the need to move at the end of the case to expunge documents they accepted for filing under seal.<sup>444</sup>

## **C. PRESENTING EVIDENCE (OR RULINGS) FROM THE PTAB IN OTHER PROCEEDINGS**

### **1. Using evidence, rulings, or arguments from the PTAB in federal courts**

District courts have evaluated and decided upon litigants' requests to introduce PTAB rulings, as well as the underlying evidence and arguments presented to the PTAB, at various stages of litigation.

At the pleading stage, some courts have taken judicial notice of the existence of a PTAB record if, for example, it relates to the allegations made in a complaint. These courts have considered papers, expert declarations, and final written decisions, among other items of record from PTAB proceedings in assessing 12(b)(6) motions to dismiss or 12(c) motions for judgment on the pleadings.<sup>445</sup>

During claim construction, district courts have relied on parties' arguments and evidence presented to the PTAB to inform the court's own claim construction analysis. In particular, just as a patent owner's statements during original prosecution, reissue, or reexamination can operate to disclaim or disavow claim meaning, so too can a patent owner's statements during a PTAB proceeding.<sup>446</sup> Courts have found that such statements can operate as disclaimers or disavowals even when they are made in a patent owner's preliminary response, before the trial phase of a PTAB

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<sup>443</sup> PTAB Consolidated Trial Practice Guide 91-92, 100.

<sup>444</sup> In *General Electric Co. v. TransData, Inc.*, No. IPR2014-01505, Paper 27 (Decision Denying Institution of IPR) at 15 (PTAB April 15, 2015), for example, the panel invited a 37 C.F.R. § 42.56 motion for those sealed documents on which the panel did not rely. In *Gordon Howard Associates, Inc. v. LunarEye, Inc.*, No. IPR2014-00712, Paper 43 (Final Written Decision) at 19 (PTAB Sept. 28, 2015), the panel granted a motion to seal as a motion to expunge a document on which the panel did not rely. Also *Mobile Tech, Inc. v. Sennco Solutions, Inc.*, No. IPR2017-02200, Paper 29 (Final Written Decision) at 38 (PTAB March 27, 2019).

<sup>445</sup> See *Prime Focus Creative Servs. Can. v. Legend3D, Inc.*, CV-15-2340-MWF, 2015 WL 12746207, at \*2 (C.D. Cal. Sept. 23, 2015); *SEMICAPS Pte. Ltd. v. Hamamatsu Corp.*, 393 F. Supp. 3d 802, 806 n.2 (N.D. Cal. 2019); *Atlas IP LLC v. Pac. Gas. & Elec. Co.*, 15-cv-05469-EDL, 2016 WL 1719545, at \*1 (N.D. Cal. Mar. 9, 2016).

<sup>446</sup> *Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353, 1359-62, at \*28-29 (Fed. Cir. 2017).

proceeding begins.<sup>447</sup> In some cases, the ensuing claim construction rulings may prove dispositive at summary judgment on issues of infringement.<sup>448</sup>

In jury trials, courts have generally been reluctant to allow a party to introduce PTAB non-institution decisions, citing the classic factors of jury confusion and undue prejudice under Rule 403. As the Federal Circuit has explained, “denials of institution provide limited probative value that is likely to be outweighed by the prejudice to the opposing party, and limiting instructions to the jury do not necessarily cure the prejudice.”<sup>449</sup> Other courts have excluded evidence of non-institution provided that the defendant does not lead the jury to believe that the litigation was the first time the prior art references have ever been considered by the Patent Office.<sup>450</sup> But even in bench trials—where the risks of jury confusion are not present—a court’s willingness to consider a PTAB record does not mean that the court will be persuaded on the ultimate question of validity.<sup>451</sup>

Whether evidence from a PTAB proceeding can be introduced at trial, however, depends on the type of evidence and the purpose of its intended use. For instance, courts have generally allowed the use of PTAB records for impeachment purposes.<sup>452</sup> Courts have also allowed introduction of PTAB records for limited purposes, such as when assessing a defendant’s good faith belief regarding issues of validity as part of a willfulness determination,<sup>453</sup> or when evaluating what an accused infringer would have considered during a hypothetical negotiation with the patentee as part of a damages determination.<sup>454</sup>

## **2. Using evidence, rulings, or arguments from the PTAB in the ITC**

### **a. Determinations from the ITC do not bind the PTAB**

Findings and conclusions of fact rendered by the ITC do not enjoy binding effect in the PTAB. In *Certain Dental Implants*, ALJ Shaw reached an initial determination that the claims asserted by petitioner in the Section 337 proceeding were anticipated by publicly available prior art in the form

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<sup>447</sup> See, e.g., *Mirror Worlds Techs., LLC v. Facebook, Inc.*, 2022 U.S. Dist. LEXIS 41157 (S.D.N.Y. Mar. 8, 2022).

<sup>448</sup> See, e.g., *Not Dead Yet Mfg., Inc. v. Pride Solutions, LLC*, 265 F. Supp. 3d 811, 830-31 (N.D. Ill. Sept. 19, 2017); *Tr. of Columbia Univ. v. NortonLifeLock, Inc.*, No. 3:13cv808, 2022 WL 135439, at \*34 (E.D. Va. Jan. 13, 2022).

<sup>449</sup> *Chamberlain Group, Inc. v. Techtronic Indus.*, 935 F.3d 1341, 1351-52 (Fed. Cir. 2019).

<sup>450</sup> *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, 329 F. Supp. 3d 1070, 1089 n.5 (N.D. Cal. 2018); *Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, 2015 U.S. Dist. LEXIS 20306, at \*19 (E.D. Tex. Jan. 30, 2015).

<sup>451</sup> *Hospira, Inc. v. Fresenius Kabi USA, LLC*, 343 F. Supp. 3d 823, 844 (N.D. Ill. 2018) (rejecting plaintiff’s argument that PTAB denial of institution of IPR weighed against applicability of prior art references considered by PTAB), *Aff’d*, 946 F.3d 1322 (Fed. Cir. 2020).

<sup>452</sup> *Intellectual Ventures II LLC v. Fedex Corp.*, 2:16-CV-00980-JRG, 2018 WL 10638138, at \*4 (E.D. Tex. Apr. 26, 2018).

<sup>453</sup> See *Finjan, Inc. v. Sonicwall Inc.*, 17-cv-04467-BLF, 2021 U.S. Dist. LEXIS 196215, at \*42-44 (N.D. Cal. May 12, 2021).

<sup>454</sup> *Id.*

of a catalog.<sup>455</sup> Petitioner sought review of the initial determination, and the Commission determined that respondent had not, in fact, shown the prior art to be publicly available to the required clear and convincing standard.<sup>456</sup> On appeal, the Federal Circuit affirmed the determination in a non-precedential ruling under Rule 36.<sup>457</sup> A parallel IPR also addressed the same issue of whether or not publicly available prior art anticipated the asserted patent claims. Even after the Commission found the prior art not publicly available, the PTAB rendered a final written decision that the patent claims were anticipated and unpatentable.<sup>458</sup> The PTAB explained the weight it assigned to the Commission's opinion, "[a]lthough we have taken the ITC's decision into account, we are not bound by the ITC's conclusions and fact findings. We have made an independent determination of patentability."<sup>459</sup>

In this way, the PTAB suggested the Commission's findings may have some persuasive effect, short of a binding quality. The PTAB pointed to different "evidence on the issue than what was before the ITC" and its lesser standard of review—preponderance of evidence—as reasons for its conflict with the ITC's conclusions.<sup>460</sup> On appeal, the Federal Circuit agreed with the PTAB, noting that the prior affirmance of the Commission's determination by the Federal Circuit "does not dictate the outcome of this appeal."<sup>461</sup>

#### **b. Significance of IPR decisions and arguments before the ITC**

In the reverse direction, the ITC likewise does not unconditionally recognize rulings from the PTAB as binding. In *Network Devices*, the ITC issued injunctive relief in the form of an exclusion order to stop respondent from importing or selling infringing devices.<sup>462</sup> After the PTAB rendered its final written decision that the patent claims upon which the ITC granted its Section 337 remedies were invalid, respondent moved to modify, suspend, or rescind the remedial orders before the ITC.<sup>463</sup> The Commission declined to do so, explaining that the decision by the PTAB did not constitute "changed circumstances warranting temporarily rescinding the remedial orders."<sup>464</sup>

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<sup>455</sup> Certain Dental Implants, Inv. No. 337-TA-934, Init. Det. (Oct. 27, 2015) at 61.

<sup>456</sup> Dental Implants, Inv. No. 337-TA-934, Comm'n Op. (May 11, 2016) at 29.

<sup>457</sup> *Instradent USA, Inc. v. Int'l Trade Comm'n*, 693 F. App'x 908 (Fed. Cir. 2017).

<sup>458</sup> *Nobel Biocare Servs. AG v. Instradent USA, Inc.*, IPR2015-01786, Paper 106 (PTAB Feb. 15, 2017).

<sup>459</sup> *Id.* at 3.

<sup>460</sup> *Id.* at 15.

<sup>461</sup> *Nobel Biocare Servs. AG v. Instradent USA, Inc.*, 903 F.3d 1365 (Fed. Cir. 2018), as amended (Sept. 20, 2018) at 13.

<sup>462</sup> *Certain Network Devices, Related Software and Components Thereof (II)*, Inv. No. 337-TA-945, Comm'n Op. (Aug. 16, 2017).

<sup>463</sup> *Id.*

<sup>464</sup> *Id.* at 12.

The Commission suggested that such a condition would be met only “when the certificates of cancellation of the subject patent claims are issued” after appeals are exhausted.<sup>465</sup> To reach this conclusion, the ITC cited a statute implementing IPR proceedings, 35 U.S.C. § 318(b), which states, “If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable.”<sup>466</sup> In other words, the PTAB’s decision, alone, does not suffice for binding effect, but the PTAB’s finding of invalidity will bind the ITC only after the exhaustion of all appeals and issuance of a certificate of cancellation. Indeed, in other cases, the ITC has refused to unconditionally recognize the PTAB’s rulings as binding, but it has sometimes elected for deference nonetheless.<sup>467</sup>

Unlike rulings on invalidity, 35 U.S.C. § 315(e)(2) enjoys effect immediately after the PTAB’s final written decision under the ITC’s interpretation. This statute estops IPR petitioners from presenting arguments before the ITC that the petitioners “raised or reasonably could have raised” before the PTAB.<sup>468</sup> The statutory text makes clear that the IPR estoppel provision applies to any IPR petitioner as long as the IPR “results in a final written decision under section 318(a).”<sup>469</sup> Many district courts have adopted this understanding of the IPR estoppel statute.<sup>470</sup>

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<sup>465</sup> *Id.*

<sup>466</sup> *Id.* at 11; 35 U.S.C. § 318(b).

<sup>467</sup> *See, e.g.,* Certain Three-Dimensional Cinema Systems and Components Thereof, Inv. No. 337-TA-939, Comm’n Op. (Aug. 23, 2016).

<sup>468</sup> 35 U.S.C. § 315(e)(2).

<sup>469</sup> *Id.*

<sup>470</sup> *Star Environtech, Inc. v. Redline Detection, LLC*, No. 12-08161, 2015 WL 4744394 (C.D. Cal. Jan 29, 2015). *VirnetX, Inc. v. Apple Inc.*, No. 14-MC-80013 RS (NC), 2014 WL 6979427 (N.D. Cal. Mar. 21, 2014).

## ***VII. Appeals, Standing, and Availability of Appeal***

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### **A. APPEALS TO THE FEDERAL CIRCUIT GENERALLY**

#### **1. Decisions reviewed under the APA**

As federal agencies, the ITC and the USPTO enjoy broad administrative authority and, in the case of the ITC, independence.<sup>471</sup> These agencies' authority, though broad, is not unbounded. The Administrative Procedures Act (APA) curbs that authority by allowing courts to vacate agency decisions that are "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law."<sup>472</sup> In addition, APA imposes specific procedural burdens on these agencies:

- First, 5 U.S.C. § 554(b)(2) requires parties to an agency hearing to be informed of "the matters of fact and law asserted . . . and issued controverted."
- Second, § 554(c)(1) requires the agency to "give all interested parties opportunity for . . . the submission and consideration of facts, arguments, offers of settlement or proposals of adjustment when time, the nature of the proceeding, and the public interest permit."

To comply with these notice-and-opportunity-to-respond provisions, the agency must be provide a fair opportunity for all interested parties to present their case.<sup>473</sup>

The Federal Circuit has summarized the import of these provisions as follows:

The notice and opportunity to be heard provisions of the APA have been applied "to mean that an agency may not change theories in midstream without giving respondents reasonable notice of the change and the opportunity to present argument under the new theory."<sup>474</sup>

Owing to the streamlined nature of administrative proceedings, and PTAB proceedings in particular, due process issues under the APA typically arise when: (1) the petitioner cites new references or makes new arguments in its reply to the patent owner's post-institution response; or (2) the PTAB cites new references or makes new arguments or claim constructions in its final written decision finding the challenged claims unpatentable. Introducing new art or arguments at these late junctions can deny the patent owner adequate time or opportunity to respond adequately. Claims of

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<sup>471</sup> The ITC is an independent federal agency, while the USPTO exists as an agency within the Department of Commerce.

<sup>472</sup> 5 U.S.C. § 706(2)(A); *see Align Tech., Inc. v. ITC*, \*\*\* (Fed. Cir. 2014).

<sup>473</sup> *See* 5 U.S.C. § 555(d).

<sup>474</sup> *Novartis AG v. Torrent Pharmaceuticals Ltd.*, 853 F.3d 1316, 1324 (Fed. Cir. 2017) (cleaned up).

petitioners' rights are less common. The Federal Circuit will not review alleged APA violations that result in harmless error.<sup>475</sup>

In the 2022 decision *Baker Hughes Oilfield v. Hirshfeld*, for example, the Federal Circuit held that the PTAB violated the APA by finding certain instituted claims obvious over grounds also that the institution decision stated would not be considered.<sup>476</sup> In 2021, the Federal Circuit held in *McK Holdings, Inc. v. Samsung Electronics Co.* that the PTAB cannot *sua sponte* find a claim anticipated unless that specific statutory ground had previously been noticed.<sup>477</sup> In that case, only obviousness grounds had been noticed. Also in 2021, the Federal Circuit in *Qualcomm Inc. v. Intel Corp.* held that the PTAB violated a patent owner's procedural rights under the APA when construing a disputed claim term by omitting an uncontested requirement in a claim construction in the final written decision.<sup>478</sup>

## 2. "Substantial evidence" standard

The Federal Circuit reviews an agency's factual findings for substantial evidence, which "requires more than a 'mere scintilla' and must be enough such that a reasonable mind could accept the evidence as adequate to support the conclusion."<sup>479</sup> The substantial evidence standard obligates the PTAB to articulate "both an adequate evidentiary basis for its findings and . . . a satisfactory explanation for those findings."<sup>480</sup>

Most appeals from the PTAB involve obviousness grounds. And while obviousness is ultimately a question of law, the PTAB enjoys "substantial evidence" deference on the underlying findings of fact supporting that conclusion. Nevertheless, the generous deference afforded to the PTAB in obviousness determinations is not unbounded. For instance, in the 2021 decision *Chemours Co. FC, LLC v. Daikin Industries, Ltd.*, the Federal Circuit reversed an obviousness determination, concluding that the PTAB's findings regarding motivation to combine were not supported by substantial evidence considering the PTAB's failure to grapple with a teaching away in the prior art.

## 3. *De novo* review of legal issues

The Federal Circuit reviews issues of law, including claim constructions, *de novo*.<sup>481</sup> An appellant's challenge to a claim construction adopted by the PTAB typically has the highest likelihood of success on appeal, in part due to the lack of deference afforded under the *de novo*

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<sup>475</sup> *Progressive Cas. Ins. Co. v. Liberty Mut. Ins. Co.*, 625 F. App'x 552 (Fed. Cir. 2015)

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<sup>481</sup> *In re Elsner*, 381 F.3d 1125, 1127 (Fed. Cir. 2004)

review standard.<sup>482</sup> Another issue of law arising in appeals from IPRs, receiving de novo review, involves the printed publication status of the alleged prior art.<sup>483</sup>

#### 4. Mandamus

The statute governing trials in the USPTO provides that an appeal from the PTAB is only appropriate after the PTAB issues a final written decision on the merits.<sup>484</sup> In fact, it expressly excludes from appellate jurisdiction the PTAB's initial determination whether to institute a trial, as well as interlocutory issues.<sup>485</sup> The Federal Circuit has accordingly concluded that a petition for a writ of mandamus—a demand that the Federal Circuit compel the PTAB to take certain action—are an inappropriate means to seek appeal of the PTAB's initial or interlocutory decisions. Thus far, the Federal Circuit has addressed the following initial and interlocutory issues:

- Decision not to institute trial<sup>486</sup>
- Decision to institute trial<sup>487</sup>
- Application of the one-year statutory time bar in a decision to institute<sup>488</sup>
- Decision on request for additional discovery
- Decision on request to submit supplemental evidence

Although the Federal Circuit denied the writs of mandamus in these situations, it did so without prejudice to the petitioner for the writ to re-raise its argument after a final written decision.<sup>489</sup>

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<sup>482</sup> John Caracappa et al., How to Appeal PTAB Decisions Successfully to the Federal Circuit, Law360 (June 22, 2020), <https://www.steptoelaw.com/images/content/2/0/v2/204326/Law360-How-To-Appeal-PTAB-Decisions-Successfully-To-Fed.-Circ..pdf>

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<sup>484</sup> 35 U.S.C. § 319 (IPR); 35 U.S.C. § 329 (PGR).

<sup>485</sup> 35 U.S.C. § 314(d) (IPR: “The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”); 35 U.S.C. § 324(e) (PGR: “The determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.”)

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## B. APPEALS ORIGINATING FROM THE PTAB

### 1. Article III standing

#### a. Establishing injury in fact (parallel litigation, economic damage theories, estoppel)—an analysis of recent Federal Circuit case law

When Congress modified post-grant procedures in 2011, they granted “a party dissatisfied” with the results the right to appeal PTAB decisions. 35 U.S.C. §§ 319, 329. Before a participant to a post-grant proceeding can appeal a final written decision, the appealing party must have constitutional standing under Article III. Specifically, the Federal Circuit has explained that “an appellant must meet ‘the irreducible constitutional minimum of standing.’”<sup>490</sup> The “irreducible constitutional minimum” requires the appellant to “have (1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct of the [appellee], and (3) that is likely to be redressed by a favorable judicial decision.”<sup>491</sup> Because petitioners have been authorized by statute to appeal adverse final written decisions, *see* 35 U.S.C. § 141(c), the Federal Circuit has held that petitioners “need not ‘meet all the normal standards for redressability and immediacy’” to establish injury in fact.<sup>492</sup> “[W]here Congress has accorded a procedural right to a litigant, such as the right to appeal an administrative decision” some requirements of standing—but not the requirement of injury in fact—“may be relaxed.”<sup>493</sup>

Nonetheless, the Federal Circuit has explained that “[n]ot every party to an IPR will have Article III standing to appeal a final written decision of the Board.”<sup>494</sup> To establish standing, an appellant must have suffered and provide sufficient facts showing an injury in fact that has a nexus to the challenged conduct and that can be ameliorated by the court.<sup>495</sup>

#### i. Parallel, Potential, and Past Litigation

Any pending parallel litigation is sufficient to confer standing to the appellant. Beyond this, when an appellant “relies on potential infringement liability as a basis for injury in fact, but is not currently engaging in infringing activity, it must establish that it has concrete plans for future activity that creates a substantial risk of future infringement or would likely cause the patentee to assert a claim of infringement.”<sup>496</sup>

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<sup>490</sup> *Amerigen Pharm. Ltd. v. UCB Pharma GmbH*, 913 F.3d 1076, 1082 (Fed. Cir. 2019) (quoting *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560, 112 S.Ct. 2130, 119 L.Ed.2d 351 (1992)).

<sup>491</sup> *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540, 1547, 194 L.Ed.2d 635 (2016), *as revised* (May 24, 2016).

<sup>492</sup> *JTEKT Corp. v. GKN Auto. LTD.*, 898 F.3d 1217, 1219-20 (Fed. Cir. 2018).

<sup>493</sup> *Consumer Watchdog v. Wis. Alumni Research Found.*, 753 F.3d 1258, 1261 (Fed. Cir. 2014).

<sup>494</sup> *See Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168, 1172 (Fed. Cir. 2017) (citing *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143–44, (2016)).

<sup>495</sup> *Id.* at 1171.

<sup>496</sup> *JTEKT Corp. v. GKN Auto. LTD.*, 898 F.3d 1217, 1221 (Fed. Cir. 2018); *accord Susan B. Anthony List v. Driehaus*, 573 U.S. 149, 158, 134 S.Ct. 2334, 189 L.Ed.2d 246 (2014) (“An allegation of future injury may

The Federal Circuit has explained an appellant need not face “a specific threat of infringement litigation by the patentee” to establish the requisite injury in an appeal from a final written decision in an inter partes review.<sup>497</sup> Instead, “it is generally sufficient for the appellant to show that it has engaged in, is engaging in, or will likely engage in activity that would give rise to a possible infringement suit.”<sup>498</sup>

For example, in *DuPont*, the Federal Circuit held that the appellant had standing because it had concrete plans to make a potentially infringing product, including actually completing the necessary production plant, and thus there was a substantial risk of future infringement.<sup>499</sup> The Court determined that the patent owner's refusal to grant appellant a covenant not to sue further confirmed that appellant's risk of injury was not “conjectural” or “hypothetical.”<sup>500</sup>

Similarly, in *Adidas v. Nike*, the court found that because Adidas and Nike “are direct competitors,” standing was established, even though Nike had “not yet accused” Adidas of infringing.<sup>501</sup> The court noted that because Nike “refused to grant Adidas a covenant not to sue,” this confirmed Adidas’ risk of infringement “is concrete and substantial.”<sup>502</sup>

Prior litigation activity, especially if dismissed with prejudice, may also be sufficient to confer standing. In *Grit Energy*, the Federal Circuit found that a petitioner had standing to appeal an IPR where the patentee had previously sued the petitioner, even though the infringement claim for the challenged patent was dismissed with prejudice and the petitioner had transferred ownership of the accused products to a third party.<sup>503</sup> The Court pointed to both the fact the dismissal was without prejudice (indicating the petitioner faced the possibility of another infringement suit in the future based on past activity), and that the patentee’s conduct in suing the petitioner was evidence that it could face a future suit.

## ii. Economic Theories

Economic damages have been advanced as a theory for establishing injury in fact.<sup>504</sup> In *Gen Elec. Co. v. United Techs.*, the Court rejected GE’s economic losses argument, because: (1) GE’s

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suffice if the threatened injury is ‘certainly impending,’ or there is a “ ‘substantial risk’ that the harm will occur.’ ” (quoting *Clapper v. Amnesty Int’l USA*, 568 U.S. 398, 414, 133 S.Ct. 1138, 185 L.Ed.2d 264 (2013))).

<sup>497</sup> *E.I. DuPont de Nemours & Co. v. Synvina C.V.*, 904 F.3d 996, 1004 (Fed. Cir. 2018).

<sup>498</sup> *Grit Energy Sols., LLC v. Oren Techs., LLC*, 957 F.3d 1309, 1319 (Fed. Cir. 2020).

<sup>499</sup> *DuPont*, 904 F.3d at 1005.

<sup>500</sup> *Id.*

<sup>501</sup> *Adidas AG v. Nike, Inc.*, 963 F.3d 1355, 1357 (Fed. Cir. 2020),

<sup>502</sup> *Id.*

<sup>503</sup> *Grit Energy Sols.*, 957 F.3d at 1319-21.

<sup>504</sup> *See Gen. Elec. Co. v. United Techs. Corp.*, 928 F.3d 1349, 1354 (Fed. Cir. 2019).

evidence that it designed a specific engine in the 1970s was not “an imminent injury,” (2) “broad claim[s] of research and development expenditures” were insufficient, because GE “provided no evidence that [those] expenses were caused by” the patent at issue.<sup>505</sup>

The Federal Circuit has also noted that the economic theories are closely tied to the doctrine of competitor standing (discussed below)—and the Federal Circuit has been reluctant to grant standing based on these theories.<sup>506</sup>

### iii. Estoppel

As for “estoppel under 35 U.S.C. § 315(e),” the court in the *Gen Elec. Co. v. United Techs.* case opined that, “[w]here, as here, the appellant does not currently practice the patent claims and the injury is speculative, we have held that the estoppel provision does not amount to an injury in fact.”<sup>507</sup> Further, the estoppel provision does not constitute an injury in fact when “there is no evidence that the appellant as or is engaged in any activity that would give rise to a possible infringement suit.”<sup>508</sup>

### iv. Other Issues

*Joinder.* The Federal Circuit has found that in the context of joinder, an IPR petitioner who joined a prior instituted IPR petition has standing to appeal—even where the original IPR petitioner did not join the appeal, and the appellant was challenging on appeal claims of the patent that were not included in the appellant’s separate IPR. The Federal Circuit explained that “[j]oined parties, as provided in § 315, may appeal pursuant to § 319,” and ruling that the petitioner’s “rights as a joined party applies to the entirety of the proceedings and includes the right of appeal, conforming to the statutory purpose of avoiding redundant actions by facilitating consolidation, while preserving statutory rights, including judicial review.”<sup>509</sup> But, where the appellee joins an IPR and all other parties settled with the patentee below, the appellee (remaining party) must show it has standing on its own to pursue the appeal.<sup>510</sup>

*Appellee does not need to meet standing requirement.* The Federal Circuit has noted the appellee does not need to meet the standing requirement, and can participate in an appeal because they are not the entity seeking to invoke the Court’s jurisdiction.<sup>511</sup>

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<sup>505</sup> See *Lujan*, 504 U.S. at 560, 112 S. Ct. 2130 (stating injury in fact must be actual or imminent, and requiring “a causal connection between the injury and the conduct complained of”).

<sup>506</sup> See *RPX Corp. v. ChanBond LLC*, 2018 WL 9371458, \*2-\*3 (Fed. Cir. 2018) (*nonprecedential*).

<sup>507</sup> *Gen Elec. Co. v. United Techs.*, 928 F.3d at 1354.

<sup>508</sup> *AVX Corp. v. Presidio Components, Inc.*, 923 F.3d 1357, 1362-63 (Fed. Cir. 2019).

<sup>509</sup> *Fitbit, Inc. v. Valencell, Inc.*, 964 F.3d 1112, 1115 (Fed. Cir. 2020).

<sup>510</sup> *Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation*, 956 F.3d 1374, 1376-78, 133 U.S.P.Q.2d (Fed. Cir. 2020).

<sup>511</sup> *Personal Audio, LLC v. Electronic Frontier Foundation*, 867 F.3d 1246, 1249-50 (Fed. Cir. 2017).

## **b. Competitor standing**

In addition to the theories noted above, the doctrine of competitive harm as a basis for establishing standing has taken center stage in various appeals to the Federal Circuit in recent years—notably, in that any attempt to establish standing under this doctrine has been denied. In general, standing based on competitive harm has been well-established by the Supreme Court and in nearly every other appeals court.<sup>512</sup> Appellate courts have long held that government action that subjects parties to competitive harm, such as by increasing the burdens or costs of competition, satisfies Article III’s injury-in-fact requirement. But in the context of IPRs, the Federal Circuit has repeatedly held that such competitive harm does not constitute an injury-in-fact; instead, a petitioner must show concrete current or future plans to infringe the patent at issue.

Specifically, the Federal Circuit has found that a petitioner who is not already the subject of a patent infringement claim concerning the challenged patent must show that it has “concrete plans for future activity that creates a substantial risk of future infringement.”<sup>513</sup> In concurrence in the *GE I* case, Judge Hughes recognized this as erecting a “patent-specific approach to the doctrine of competitor standing that is out of step with Supreme Court precedent.”

For example, in *AVX*, the court held that an IPR appellant “lacked Article III standing because it had ‘no present or nonspeculative interest in engaging in conduct’” covered by the challenged patent, even though the appellant actively competed against the patent owner in the relevant market.<sup>514</sup> Accordingly, a company may be seen as injured by a patent only if it is already—or is very close to—infringing said patent. The *AVX* court recognized one circumstance where “[a] patent claim could have a harmful competitive effect on a would-be challenger” conferring standing—where “the challenger was currently using the claimed features or nonspeculatively planning to do so in competition.”<sup>515</sup> But the court explained that the Federal Circuit has “repeatedly” denied standing to IPR petitioners seeking to “appeal claim-upholding Board decisions where those petitioners lacked ‘concrete plans for future activity that creates a substantial risk of future infringement or [would] likely cause the patentee to assert a claim of infringement.’”<sup>516</sup> Thus, under *AVX*, “even when . . . parties are direct competitors,” if the IPR “petitioner is not currently engaged in infringing activity and has no concrete plans to do so in the imminent future,” it will be held to lack Article III standing.

In *Gen. Elec. v. United Techs* (“*GE I*”), the Federal Circuit found GE had no standing, determining there was no “concrete and imminent injury to GE,” and that GE asserted “only speculative harm”), over a strongly worded concurrence from Judge Hughes, who felt bound by the

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<sup>512</sup> See, e.g., *Clinton v. City of N.Y.*, 524 U.S. 417, 433 (1998).

<sup>513</sup> *AVX Corp. v. Presidio Components, Inc.*, 923 F.3d 1357, 1365 (Fed. Cir. 2019) (a dissatisfied IPR petitioner must demonstrate “concrete plans for future activity that creates a substantial risk of future infringement or [would] likely cause the patentee to assert a claim of infringement.” (citation omitted)).

<sup>514</sup> *AVX*, 923 F.3d at 1363.

<sup>515</sup> *Id.*

<sup>516</sup> *Id.* (emphasis added) (quoting *JTEKT*, 898 F.3d at 1221).

Court's recent precedent on appellate standing, which he criticized.<sup>517</sup> General Electric sought and was denied certiorari.<sup>518</sup>

In *Gen. Elec. v. Raytheon* (“GE II”), the Federal Circuit found standing where GE had made concrete plans for future activity, including significant R&D expenses (\$10-12 million tied to the potentially infringing product), together with a declaration from GE Aviation’s IP counsel, conceding that GE expected Raytheon “would accuse” its product of infringing the patent at issue.<sup>519</sup> Beyond these additional statements from GE, the facts of GE I (finding no standing) and GE II (finding standing) are largely identical. Thus, while the Federal Circuit noted that “IPR petitioners need not concede infringement to establish standing to appeal,”<sup>520</sup> evidence suggesting infringement is likely to be asserted and potential damages appear to be the kind of evidence most heavily weighed by the Court in performing any standing analysis—evidence that parties are understandably reluctant to provide in many scenarios.

### c. Issues specific to ANDA/aBLA filers

ANDA challengers and other third parties have also had difficulty establishing standing to appeal judgments from the PTAB due to the unique procedural posture of those cases.

For example, in *Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation*, 956 F.3d 1374, 1376-78 (Fed. Cir. 2020), an appeal was dismissed for lack of standing where the appellee had joined the IPR below, and all other parties to the IPR settled out with the patentee prior to the appeal. The Federal Circuit held that Argentum had failed to show that it was likely to face an ANDA suit from the patentee; rather, it was Argentum’s manufacturing partner—who was not a party to the IPR or the appeal—that would file the ANDA and face any potential suit from the patentee. *Id.* The Federal Circuit also rejected Argentum’s alleged economic theories as too speculative and not personal to Argentum itself. [NOTE – *Argentum* petition for writ of certiorari filed Dec. 2020]

Similarly, in *Pfizer v. Chugai*, Pfizer’s appeal was dismissed for lack of standing where, although Pfizer suggested the patentee was likely to assert a claim of infringement, it “did not address in its briefing or supplemental evidence when that risk arose.”<sup>521</sup> The Court noted that Pfizer filed the notice of appeal in January 2019, but did not submit evidence that the FDA approved its biosimilar until July 2019, and did not announce it would begin selling the biosimilar until October 2019. The Court also faulted Pfizer for not submitting evidence that would allow the Court “to evaluate whether it practices or intends to practice the patented methods in the course of making its biosimilar product.”<sup>522</sup>

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<sup>517</sup> *Gen. Elec. Co. v. United Techs. Corp.*, 928 F.3d 1349, 1353–54 (Fed. Cir. 2019) (“GE I”);

<sup>518</sup> *Gen. Elec. Co. v. Raytheon Techs. Corp.*, fka *United Techs. Corp.*, 140 S.Ct. 2820 (2020).

<sup>519</sup> *Gen. Elec. Co. v. Raytheon Techs. Corp.*, 983 F.3d 1334, 1342 (Fed. Cir. 2020) (“GE II”)

<sup>520</sup> *JTEKT*, 898 F.3d at 1221

<sup>521</sup> *Pfizer Inc. v. Chugai Pharm. Co.*, 812 F. App’x 979, 981 (Fed. Cir. 2020)

<sup>522</sup> *Id.*

By contrast, in *Altaire Pharmaceuticals v. Paragon Biotech*, the Federal Circuit (in a split decision) held that a petitioner who did not currently practice a patent, but had plans to launch an infringing product had standing to appeal a PTAB decision.<sup>523</sup> In that case, the Federal Circuit noted that Altaire was the company which intended to file the ANDA and would be at imminent risk of being sued—thus making the threat of litigation “real” and “imminent,” affecting Altaire “in a personal and individual way.”<sup>524</sup>

## 2. Nonappealable issues

### a. Institution decisions (*Cuozzo*)

Under 35 U.S.C. § 314(d), the PTO’s decision of whether to institute IPR “shall be final and nonappealable.” In *Cuozzo*, the Supreme Court held that the decision to grant or deny a petition for IPR—i.e., whether a petition meets the requirements imposed by statute, such as whether the petitioner has shown a “reasonable likelihood of success” in prevailing as to at least one claim—was not subject to appellate review. This holding applies to both interlocutory appeals of an institution decision, or an appeal of a final written decision that raises questions related to the institution decision.<sup>525</sup>

In clarifying the types of challenges to an institution decision that are clearly barred under Section 314(d), the Court noted:

“where a patent holder merely challenges the Patent Office’s ‘determin[ation] that the information presented in the petition ... shows that there is a reasonable likelihood’ of success ‘with respect to at least 1 of the claims challenged,’ § 314(a), or where a patent holder grounds its claim in a statute closely related to that decision to institute inter partes review, § 314(d) bars judicial review. In this case, *Cuozzo*’s claim that *Garmin*’s petition was not pleaded “with particularity” under § 312 is little more than a challenge to the Patent Office’s conclusion, under § 314(a), that the “information presented in the petition” warranted review. We therefore conclude that § 314(d) bars *Cuozzo*’s efforts to attack the Patent Office’s determination to institute inter partes review in this case.”<sup>526</sup>

Beyond the language of § 314(d) itself, the Supreme Court noted that “a contrary holding would undercut one important congressional objective, namely, giving the Patent Office significant power to revisit and revise earlier patent grants. We doubt that Congress would have granted the Patent Office this authority, including, for example, the ability to continue proceedings even after the original petitioner settles and drops out, § 317(a), if it had thought that the agency’s final decision

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<sup>523</sup> *Altaire Pharmaceuticals v. Paragon Biotech, Inc.* [Add cite]

<sup>524</sup> [Add cite]

<sup>525</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2137 (2016),

<sup>526</sup> *Id.*

could be unwound under some minor statutory technicality related to its preliminary decision to institute inter partes review.”<sup>527</sup>

The Court did leave the door open for other types of challenges, emphasizing that their “interpretation applies where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate inter partes review.” *Id.* The Court accordingly left open the possibility for appeals that “implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond [section 314].”<sup>528</sup>

*Cuozz* has been applied in several contexts in the time since, including mandamus, and APA challenges. E.g.:

- *Philips v. Iancu* – ruling the Court lacked jurisdiction to hear appellant’s APA challenge that the Board misapplied its own precedent in institution IPR<sup>529</sup>
- *In re Cisco Sys. Inc.* – denying mandamus petition seeking to overturn PTO’s denial of an IPR where the PTO exercised its discretion under section 314(a) not to institute review<sup>530</sup>

*Cuozz* served as the basis for other issues outside of section 314 that have also been found as nonappealable, discussed below.

#### **b. § 315(b) time bar determinations (*Thryv*)**

Following *Cuozz*, the Supreme Court issued a decision in *Thryv* holding that the PTO’s determination on whether an IPR is time barred under § 315(b) is not reviewable by appeal since it is “closely related” to the PTO’s decision on whether to institute the IPR.”<sup>531</sup>

In making this determination, the Court found that section 314(d)’s “review bar is not confined to the agency’s application of § 314(a), i.e. ‘the question whether the petitioner has a reasonable likelihood of prevailing,’” because section 314(d)’s text renders “final and nonappealable” the “determination by the Director whether *to institute an inter partes review* under this section”—meaning a party “cannot contend on appeal that the agency should have refused ‘to institute an inter partes review.’”<sup>532</sup>

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<sup>527</sup> *Cuozz*, 136 S. Ct. at 2139-42.

<sup>528</sup> *Id.*

<sup>529</sup> 829 F. App’x 967 (Fed. Cir. 2020) (*nonprecedential*)

<sup>530</sup> 834 F. App’x 571, 572 (Fed. Cir. 2020)

<sup>531</sup> *Thryv, Inc v. Click-To-Call Technologies, LP*, 589 U.S. , 140 S. Ct. 1367, 1374 (2020)

<sup>532</sup> [Add cite]

Accordingly, because Section 315(b)'s time bar is “integral to, indeed a condition on, institution,” a contention that a petition is time barred is a “contention that the agency should have refused” to institute.<sup>533</sup> The Court found that it needed not venture beyond the holding in *Cuozzoku*, because section 315(b) “easily meets [the] measurement” of being “closely tied to the application and interpretation of statutes related to the institution decision.” In the Court’s view, section 315(b) “expressly governs institution and nothing more.”<sup>534</sup>

The Court also acknowledged:

“Section 314(d)'s review bar is not confined to the agency's application of § 314(a), for in *Cuozzoku* we held unreviewable the agency's application of § 312(a)(3). Far from limiting the appeal bar to § 314(a) and ‘nothing else’ as Click-to-Call urges, the Court's opinion in *Cuozzoku* explained that the bar extends to challenges grounded in ‘statutes related to’ the institution decision.”

“To understand how far beyond § 314(a) the bar on judicial review extends, we look to the statute and *Cuozzoku*; for the reasons stated above, they establish that § 314(d) bars challenges resting on § 315(b).”

“n.8 ... Lest any ‘confusion’ remain, we reaffirm today our holding in *Cuozzoku*: Section 314(d) generally precludes appeals of the agency's institution decision, including, beyond genuine debate, appeals ‘consist[ing] of questions that are closely tied to the application and interpretation of statutes related to’ the institution decision. The appeal bar, we therefore reiterate, is not limited to the agency's application of § 314(a).”

“Other features of the statutory design confirm that Congress prioritized patentability over § 315(b)'s timeliness requirement. A petitioner's failure to satisfy § 315(b) does not prevent the agency from conducting inter partes review of the challenged patent claims; the agency can do so at another petitioner's request. § 311(a).”

### c. RPI and privity determinations (*ESIP Series 2*)

Prior to *Thryv*, the Federal Circuit had found that if the PTO made rulings in the proceeding below as to real party in interest, (e.g., a motion to terminate the IPR for failure to join a real party in interest), that information could be reviewed as part of an appeal of the PTO’s final written decision.<sup>535</sup>

In view of *Thryv*, the Federal Circuit revised its stance as to whether it could review information related to real party in interest on appeal. In *ESIP Series 2*, the Federal Circuit found that the Board’s “§ 312(a)(2) real-party-in-interest determination is final and non-appealable.”<sup>536</sup> Specifically, the Court there held:

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<sup>533</sup> [Add cite]

<sup>534</sup> [Add cite]

<sup>535</sup> See, e.g., *Wi-Fi One*.

<sup>536</sup> *ESIP Series 2, LLC v. Puzhen Life USA, LLC*, 958 F.3d 1378, 1386 (Fed. Cir. 2020),

In view of *Cuozz* and *Click-to-Call*, we find no principled reason why preclusion of judicial review under § 314(d) would not extend to a Board decision concerning the “real parties in interest” requirement of § 312(a)(2). ESIP's contention that the Board failed to comply with § 312(a)(2) is “a contention that the agency should have refused to institute an inter partes review.” See *Click-To-Call*, 140 S. Ct. at 1373-74. Indeed, ESIP expressly argues that the agency should have refused to institute inter partes review because of Puzhen's failure to identify all “real parties in interest.” Accordingly, we hold that ESIP's challenge to the Board's “real parties in interest” determination “raises ‘an ordinary dispute about the application of an institution-related statute,’” and that § 314(d) precludes our review of that determination. *Click-To-Call*, 140 S. Ct. at 1373-74 (quoting *Cuozz*, 136 S. Ct. at 2141-42).

*ESIP Series 2* has been applied in at least two cases, confirming issues related to RPI are not reviewable:

- *Fall Line Patents, LLC v. Unified Patents, LLC*, 818 F. App'x 1014 (Fed. Cir. 2020) (nonprecedential)
- *Verify Smart Corp. v. Askeladden, L.L.C.*, 824 F. App'x 1015 (Fed. Cir. 2020) (nonprecedential)