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# 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).

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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,

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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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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 [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).

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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>21,22</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.*

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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.*



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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).

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**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).

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## 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

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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).



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PTO's decision to institute IPR also has the potential to simplify the issues in question 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

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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).

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IPR proceedings.”<sup>54</sup> The defendants there reasoned that, as a result, “the 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

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

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

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

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- *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 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)

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- 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

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**D. CONSIDERATIONS FOR LIFTING A MOTION TO STAY**

1. Appeals from PTAB or ITC
2. Subsequent requests for reexamination or other post-grant challenges

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

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- A. ANALYSIS OF RULES, STANDING ORDERS, AND TRIAL TIMING**
  - 1. District of Delaware
  - 2. Western District of Texas
  - 3. Eastern District of Texas
  - 4. California Districts
  - 5. ITC
  - 6. PTAB
- 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
  - 2. Benefits to accused infringers in the ITC vs. district court
- 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>57</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).

<b>District Court</b>	<b>Time To Trial in 2019 / 2020</b>
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

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<sup>57</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.

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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>58</sup> IPR proceedings are meant to proceed 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>59</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>60</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

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<sup>58</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.”)

<sup>59</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>60</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.”).



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would also be applied to *inter partes* review, and that rule took effect on November 13, 2018.<sup>61</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.

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>62</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>63</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>64</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>65</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.

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<sup>61</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.”).

<sup>62</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>63</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>64</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>65</sup> 35 U.S.C. § 301(a)(2).



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### **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>66</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 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>67</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>68</sup> The statute does not offer guidance on how that discretion is to be guided or applied.<sup>69</sup> Further, given that the courts have interpreted the statute to

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<sup>66</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.”).

<sup>67</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>68</sup> *See, e.g.*, *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper No. 11 (PTAB Mar. 20, 2020) (Precedential).

<sup>69</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

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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>70</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 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>71</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>72</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>73</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

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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>70</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.

<sup>71</sup> *NHK Spring v. Intri-Plex Techs*, IPR2018-00752 (“*NHK*”), Paper 8 at 11-18.

<sup>72</sup> *Id.* at 19-20.

<sup>73</sup> *Apple v. Fintiv*, IPR2020-00019 (“*Fintiv*”), Paper 11 at 5-6.

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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>74</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 duplication of efforts.”<sup>75</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>76</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>77</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>78</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>79</sup>

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<sup>74</sup> *Id.* at 6.

<sup>75</sup> *Snap, Inc. v. SRK Technology LLC*, IPR2020-00820, Paper 15 at 9 (PTAB Oct. 21, 2020) (precedential).

<sup>76</sup> *Fintiv*, Paper 11 at 13-14.

<sup>77</sup> *Fintiv*, Paper 11 at 9.

<sup>78</sup> *Sand Revolution II, LLC Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper No. 24 at 9-10 (PTAB June 16, 2020) (informative).

<sup>79</sup> *Id.* at 10-11.

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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>80</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 in the District Court Litigation any ground raised or that could have been reasonably raised in an IPR.”<sup>81</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>82</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>83</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>84</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>85</sup>

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<sup>80</sup> *Id.* at 12.

<sup>81</sup> *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper No. 12 at 18-19 (Dec. 1, 2020) (Precedential).

<sup>82</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>83</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>84</sup> *Id.* at 11-12 & n. 5.

<sup>85</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
  - b. PGR
  - c. Patent owner estoppel
2. Impact of post-grant proceeding estoppel on litigation strategy
3. Estoppel and RPI

### **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>86</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>87</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>88</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

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<sup>86</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>87</sup> 138 S. Ct. 1348 (2018).

<sup>88</sup> See *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293 (Fed. Cir. 2016).

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unpatentability asserted for each claim.”<sup>89</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>90</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>91</sup> Accordingly, the court applied estoppel to grounds that the petitioner reasonably could have raised in its IPR, but did not.<sup>92</sup> Similarly, after *SAS*, the ITC has held that estoppel reaches non-petitioned grounds in an IPR.<sup>93</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) suggests that estoppel applies on a claim-by-claim basis.<sup>94</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>95</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>96</sup> In *Uniloc 2017 LLC v. Facebook Inc.*,<sup>97</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

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<sup>89</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>90</sup> *Wi-LAN Inc. v. LG Elecs., Inc.*, 421 F. Supp. 3d 911, 923 (S.D. Cal. 2019).

<sup>91</sup> *Id.* at 923-24.

<sup>92</sup> *Id.* at 925-26.

<sup>93</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).

<sup>94</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>95</sup> 35 U.S.C. § 315(e)(1).

<sup>96</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>97</sup> *See Uniloc*, 989 F.3d at 1030; *Credit Acceptance*, 859 F.3d at 1052; *Intuitive Surgical*, 2020 WL 594140, at \*5.



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because the claim was not at issue in a prior IPR, even though other claims of the patent were.<sup>98</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>99</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>100</sup> Thus, PGR unpatentability grounds may include “any ground specified in part II [of Title 35] as a condition for patentability,”<sup>101</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 date of the claimed invention.”<sup>102</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>103</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>104</sup>

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<sup>98</sup> *Uniloc*, 989 F.3d at 1030.

<sup>99</sup> 35 U.S.C. §311(b).

<sup>100</sup> 35 U.S.C. §321(b).

<sup>101</sup> 35 U.S.C. §282(b)(2).

<sup>102</sup> 35 U.S.C. §102(a)(1).

<sup>103</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>104</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

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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>105</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>106</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>107</sup> But the court went further and noted that, if the motion were to 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>108</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>109</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>110</sup> According to the court in *Palomar Technologies, Inc. v. MRSI Systems, LLC*, "it appears that the issue of

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\*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>105</sup> *In re Koninklijke Philips Pat. Litig.*, No. 18-CV-01885, 2020 WL 7392868 (N.D. Cal. Apr. 13, 2020).

<sup>106</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>107</sup> *Id.* at 7.

<sup>108</sup> *Id.* at 7 n.3.

<sup>109</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>110</sup> See *Clearlamp*, 2016 WL 4734389, at \*8; *Palomar*, 373 F. Supp. 3d at 331.



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whether a skilled, diligent search reasonably should have uncovered a reference is a question of fact.”<sup>111</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>112</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>113</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>114</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>115</sup> For the PGR 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>116</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>117</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>118</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>119</sup>

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<sup>111</sup> *Palomar*, 373 F. Supp. 3d at 331.

<sup>112</sup> *Palomar*, 373 F. Supp. 3d at 332.

<sup>113</sup> *Clearlamp*, 2016 WL 4734389, \*7-10.

<sup>114</sup> *Id.* at \*9.

<sup>115</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).

<sup>116</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>117</sup> *Id.* at \*5.

<sup>118</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>119</sup> *Id.* at \*5.

### 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>120</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>121</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>122</sup>

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

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>123</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>124</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>125</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

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<sup>120</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>121</sup> *Id.* at 1027.

<sup>122</sup> *Id.*

<sup>123</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>124</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>125</sup> *See Finjan, Inc. v. Cisco Sys. Inc.*, No. 17-cv-00072, 2020 WL 532991 (N.D. Cal. Feb. 3, 2020).

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of parallel IPR proceedings.<sup>126</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>127</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>128</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>129</sup> The petitioner had filed its invalidity contentions in district court before filing the IPR. Applying the "skilled searcher" standard, the court found that 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>130</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>131</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>132</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>133</sup> Under such circumstances, the court declined to estop grounds raised in IPRs in which the defendant took no part.<sup>134</sup>

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<sup>126</sup> No. 18-md-02874, 2021 WL 1197478, at \*4 (N.D. Cal. Mar. 30, 2021).

<sup>127</sup> *Id.*

<sup>128</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>129</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).

<sup>130</sup> *Id.* at \*8.

<sup>131</sup> 35 U.S.C. § 315(e)(2).

<sup>132</sup> 2020 WL 532991, at \*3.

<sup>133</sup> *Id.*

<sup>134</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.

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## 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>135</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>136</sup>

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>137</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>138</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>139</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>140</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>141</sup>

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<sup>135</sup> 35 U.S.C. § 315(e)(2).

<sup>136</sup> 35 U.S.C. § 311(b) (emphasis added).

<sup>137</sup> *Zitovault, LLC v. IBM Corp.*, No. 16-cv-0962, 2018 WL 2971178, at \*4 (N.D. Tex. Apr. 4, 2018).

<sup>138</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>139</sup> *Oil-Dri*, 2019 WL 861394, at \*10.

<sup>140</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>141</sup> *Id.*

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**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>142</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>143</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>144</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>145</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>146</sup> Ultimately, the court declined to estop the defendant’s use of products because a factual dispute existed about whether the product was cumulative of the written prior art.<sup>147</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>148</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>149</sup> The plaintiff argued for estoppel, contending that photographs of the chainring in a magazine article could have been used during the IPR.<sup>150</sup> The court applied the “superior and separate

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<sup>142</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>143</sup> *Zitovault*, 2018 WL 2971178, at \*4.

<sup>144</sup> 2019 WL 3824255, at \*3.

<sup>145</sup> *Microchip Tech.*, 2020 WL 4335519, at \*4.

<sup>146</sup> *Id.*

<sup>147</sup> *Id.*

<sup>148</sup> *Star Envirotech*, 2015 WL 4744394, at \*4.

<sup>149</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>150</sup> *Id.* at 11.

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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>151</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>152</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>153</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 estoppel beyond its intended scope.’”<sup>154</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>155</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>156</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>157</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>158</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

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<sup>151</sup> *Id.* at 11-12.

<sup>152</sup> *Cal. Inst. of Tech.*, 2019 WL 8192255, \*7 (quoting *Clearlamp*, 2016 WL 4734389, at \*8).

<sup>153</sup> *SPEX Techs.*, 2020 WL 4342254, at \*15.

<sup>154</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>155</sup> *Id.* at \*8.

<sup>156</sup> *Oil-Dri*, 2019 WL 861394, at \*10.

<sup>157</sup> *Wasica*, 432 F. Supp. 3d at 454.

<sup>158</sup> *Id.*



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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>159</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>160</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>161</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 works."<sup>162</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>163</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>164</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>165</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>166</sup> The plaintiff in *BTG International Limited v. Amneal Pharmaceuticals LLC* argued that estoppel should apply against

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<sup>159</sup> *Id.* at 455.

<sup>160</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>161</sup> *Id.*

<sup>162</sup> *SiOnyx*, 330 F. Supp. 3d at 604.

<sup>163</sup> *Palomar Techs., Inc.*, 373 F. Supp. 3d at 332.

<sup>164</sup> *Biscotti Inc. v. Microsoft Corp.*, No. 13-cv-01015, 2017 WL 2526231, at \*8 (E.D. Tex. May 11, 2017)

<sup>165</sup> 35 U.S.C. § 315(e)(2).

<sup>166</sup> *BTG Int'l Ltd. v. Amneal Pharms. LLC*, 352 F. Supp. 3d 352, 374 n.13 (D.N.J. 2018).

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the defendants with respect to prior art on which they *prevailed* at the PTAB.<sup>167</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>168</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>169</sup> Ultimately, the court declined to estop the defendants’ invalidity grounds on which they had prevailed before the PTAB.<sup>170</sup>

## 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>171</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>172</sup> Although the ITC, as an agency, is bound by precedent from the Court of Appeals for

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<sup>167</sup> *Id.*

<sup>168</sup> *Id.*

<sup>169</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>170</sup> *Id.* at 383-89 (finding that the patent was invalid because of obviousness).

<sup>171</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>172</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.”).



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the Federal Circuit, the ITC is not bound by its own decisions.<sup>173</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>174</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>175</sup>

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>176</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>177</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>178</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

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<sup>173</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>174</sup> *Texas Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996).

<sup>175</sup> *Id.* (quoting S. Rep. No. 1298, 93d Cong., 2d Sess. 196 (1974)).

<sup>176</sup> *Mahindra & Mahindra Ltd. V. FCA US LLC*, No. 18-CV-12645, 2020 WL 5960700 (E.D. Mich. Oct. 8, 2020).

<sup>177</sup> *Swagway, LLC v. ITC*, 2018-1672, at 13 (Fed. Cir. May 9, 2019).

<sup>178</sup> See *Union Mfg. Co. v. Han Baek Trading Co.*, 763 F.2d 42 (2d Cir. 1985).

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though there were differences in wording.<sup>179</sup> Issue and claim preclusion arising from ITC determinations are also available for adjudication of affirmative defenses by the Commission.<sup>180</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>181</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 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>182</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>183</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>184</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

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<sup>179</sup> *Manitowoc Cranes LLC v. Sany America Inc.*, 2017 WL 6327551, \*5 (E.D. Wis. 2017).

<sup>180</sup> *See Baltimore Luggage Co. v. Samsonite Corp.*, 727 F.Supp. 202 (D. Md. 1989).

<sup>181</sup> *Texas Instruments, Inc.*, 90 F.3d at 1569.

<sup>182</sup> *Id.*

<sup>183</sup> *Alloc, Inc. v. Norman D. Lifton Co.*, 2007 WL 2089303 at \*11 (S.D.N.Y. 2007).

<sup>184</sup> *See, e.g., Certain Memory Modules, Inv. No. 337-TA-1089, Order No. 49* (Apr. 11, 2019).

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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>185</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>186</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>187</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 case on the merits — excluding those cases resolved through settlement, consent order, or complaint withdrawals — in 15 to 18 months.<sup>188</sup> The ITC's fastest Section 337 determination on the merits in any particular year has never exceeded 9 months.<sup>189</sup> Indeed, many ITC Section 337 investigations have completed shortly before or after the issuance of final written decision in an IPR proceeding.<sup>190</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>191</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>192</sup> Citing Congress's timeliness mandate and the Commission's policy for “expeditious” investigations, ALJ Bullock concluded, “Stays are generally disfavored.”<sup>193</sup>

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<sup>185</sup> 19 U.S.C. § 1337(b)(1).

<sup>186</sup> 35 U.S.C. §§ 314, 316(a)(11).

<sup>187</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).

<sup>188</sup> *Id.*

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

<sup>190</sup> *See, e.g., Certain Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, Comm'n Op. (Apr. 9, 2019).

<sup>191</sup> *Memory Modules*, Inv. No. 337-TA-1089, Order No. 49 (Apr. 11, 2019) at 2.

<sup>192</sup> *Id.* at 1-2.

<sup>193</sup> *Id.* at 2.

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**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>194</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>195</sup> The Commission later suspended the enforcement of all remedial orders after the Federal Circuit affirmed the PTAB's decision.<sup>196</sup>

In an earlier case, *Three-Dimensional Cinema Systems*, the Commission chose instead to defer to the PTAB's invalidity decision.<sup>197</sup> The PTAB had already determined the asserted claims unpatentable before the Commission's Final Determination.<sup>198</sup> The Commission explored the possibility of issue preclusion, but it rejected the application of the doctrine.<sup>199</sup> Nonetheless, the ITC discretionarily suspended enforcement of its remedial orders "in light of the advanced posture of the IPR proceeding."<sup>200</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>201</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>202</sup> The Federal Circuit affirmed the

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<sup>194</sup> *Certain Network Devices, Related Software and Components Thereof (II)*, Inv. No. 337-TA-945, Comm'n Op. (Jul. 12, 2018).

<sup>195</sup> *Network Devices, Related Software and Components Thereof (II)*, USITC Pub. 4910 (June 2019).

<sup>196</sup> *Id.*

<sup>197</sup> *Certain Three-Dimensional Cinema Systems and Components Thereof*, Inv. No. 337-TA-939, Comm'n Op. (Aug. 23, 2016).

<sup>198</sup> *Id.*

<sup>199</sup> *Id.* at 53-56.

<sup>200</sup> *Id.* at 60.

<sup>201</sup> *Network Devices, Related Software and Components Thereof (II)*, Inv. No. 337-TA-945, Comm'n Op. (Aug. 16, 2017) at 13-14.

<sup>202</sup> *Certain Dental Implants*, Inv. No. 337-TA-934, Comm'n Op. (May 11, 2016).

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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>203</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>204</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>205</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”).

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>206</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>207</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>208</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>209</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

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<sup>203</sup> *Id.*

<sup>204</sup> *Three-Dimensional Cinema Systems and Components Thereof*, Inv. No. 337-TA-939, Comm’n Op. (Aug. 23, 2016) at 53.

<sup>205</sup> 35 U.S.C. § 315(e)(2).

<sup>206</sup> *Id.*

<sup>207</sup> *Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, Comm’n Op. (Apr. 9, 2019).

<sup>208</sup> *Id.*

<sup>209</sup> *Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, *Init. Det.* (Aug. 18, 2018) at 107.

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IPR.”<sup>210</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>211</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>212</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>213</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>210</sup> *Id.* 35 U.S.C. 315(e)(2).

<sup>211</sup> *Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, Comm’n Op. (Apr. 9, 2019).

<sup>212</sup> *Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, Init. Det. (Aug. 18, 2018).

<sup>213</sup> *Id.*



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

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### A. IDENTIFYING REAL PARTY-IN-INTEREST AND PRIVITY

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>214</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>215</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>216</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>217</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>218</sup>

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

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<sup>214</sup> 35 U.S.C. §§ 315(a)(1), 315(b).

<sup>215</sup> 35 U.S.C. § 325(a)(1).

<sup>216</sup> 35 U.S.C. §§ 315(e)(2), 325(e)(2).

<sup>217</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>218</sup> 35 U.S.C. §§ 315(e)(2), 325(e)(2).

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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>219</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>220</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>221</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>222</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>223</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>224</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>225</sup>

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<sup>219</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>220</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>221</sup> Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, at 48,759 (Aug. 14, 2012).

<sup>222</sup> *Id.* at 48,760. *See* *Wi-Fi One, LLC v. Broadcom Corporation*, 887 F.3d 1329, 1336 (Fed. Cir. 2018).

<sup>223</sup> *Aruze Gaming Macau*, No. IPR2014-01288, Paper No. 13 at 12.

<sup>224</sup> Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,760.

<sup>225</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).

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- Payment of counsel fees and minor participation by a vendor in litigation proceedings;<sup>226</sup>
- Having mutual interest in the outcome of the post-grant proceeding;<sup>227</sup>
- Use of the same counsel;<sup>228</sup> or
- Having a business or seller/vendor relationship.<sup>229</sup>

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>230</sup> Citing to *inter partes* reexamination precedent in *In re Guan*,<sup>231</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>232</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>233</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>234</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>235</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>236</sup>

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<sup>226</sup> *Id.* at 11.

<sup>227</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>228</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>229</sup> *Sipnet*, No. IPR2013-00246, Paper No. 73 at 11

<sup>230</sup> *RPX Corp. v. Virnetx Inc.*, Nos. IPR2014-00171, Paper No. 49 (P.T.A.B. Jun. 13, 2014).

<sup>231</sup> Reexamination Control No. 95/001,045 (Aug. 25, 2008).

<sup>232</sup> *RPX Corp.*, Nos. IPR2014-00171, Paper No. 49 at 7 (emphasis omitted).

<sup>233</sup> *Id.* at 3.

<sup>234</sup> *Id.*

<sup>235</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>236</sup> *Id.* at 13.

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## 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>237</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>238</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>239</sup>

According to the legislative history, privity focuses on relationships between parties that necessitate the application of collateral estoppel.<sup>240</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>241</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>242</sup>

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<sup>237</sup> Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012).

<sup>238</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>239</sup> 37 C.F.R. § 42.104(a).

<sup>240</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>241</sup> *Taylor v. Sturgell*, 553 U.S. 880 (2008).

<sup>242</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).

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“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>243</sup> For example, while the existence 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>244</sup>

This was further clarified in *Ventex*,<sup>245</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>246</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>247</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>248</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

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<sup>243</sup> *Id.* at 13.

<sup>244</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>245</sup> *Ventex Co., Ltd. V. Columbia Sportswear North America, Inc.*, IPR2017-00651, Paper 152, 10-12 (PTAB Jan. 24, 2019).

<sup>246</sup> *See id.*

<sup>247</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>248</sup> *AIT*, 897 F.3d at 1359 (Reyna, J., concurring) (quoting *Privity*, Black’s Law Dictionary (10th ed. 2014)).

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persona of another, its privy,” and thus from “abusing the legal system.”<sup>249</sup> Likewise, “where privity is shown to exist between a party to a second case and a party who is bound 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>250</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>251</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>252</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>253</sup>

The patent owner is also required to identify all real parties-in-interest within 21 days of service of the petition.<sup>254</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>255</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>256</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>257</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

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<sup>249</sup> *Id.* (Reyna, J., concurring).

<sup>250</sup> *Id.* at 1360 (Reyna, J., concurring).

<sup>251</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>252</sup> *See Worlds*, 903 F.3d at \_\_\_\_.

<sup>253</sup> *Id.*

<sup>254</sup> 37 C.F.R. § 42.8(a)(2).

<sup>255</sup> 37 C.F.R. § 42.73(b)(4).

<sup>256</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>257</sup> *See* 37 C.F.R. § 42.106(b); *ZOLL Lifecor*, No. IPR2013-00609, Paper No. 15 at 16.



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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 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>258</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>259</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>260</sup>

Failure to identify all real parties-in-interest, however, does not divest the Board of its jurisdiction.<sup>261</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>262</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>263</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

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<sup>258</sup> *First Data Corporation v. Cardsoft, LLC*, No. IPR2014-00715, Paper No. 9 (P.T.A.B. Oct. 17, 2014).

<sup>259</sup> *Id.* at 9.

<sup>260</sup> *Id.* at 10.

<sup>261</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>262</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>263</sup> *Id.*

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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>264</sup>

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>265</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>266</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>267</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>268</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).

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<sup>264</sup> *Elektro, 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.

<sup>265</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>266</sup> *Proppant Express Investments, LLC v. Oren Techs., LLC*, IPR2017-01917, Paper 86 (Feb. 13, 2019).

<sup>267</sup> See, e.g., *Wi-Fi One*.

<sup>268</sup> *ESIP Series 2, LLC v. Puzhen Life USA, LLC*, 958 F.3d 1378, 1386 (Fed. Cir. 2020),

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*ESIP Series 2* has been applied in subsequent cases, confirming issues related to RPI are not reviewable.<sup>269</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 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:

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<sup>269</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)

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- (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 privy 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.

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- 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.

**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>270</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 privity relationships in the context of manufacturer/distributor relationships.

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<sup>270</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.”).

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## 1. Co-defendants / joint defense groups

Status as joint defendants alone is not enough to demonstrate parties are RPIs.<sup>271</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>272</sup>

The Board has permitted discovery of joint defense agreements. For example, in *Adobe*,<sup>273</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>274</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>275</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>276</sup>

## 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>277</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>278</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>279</sup> Under an indemnification

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<sup>271</sup> *Caterpillar, Inc. v. Esco Corp.*, IPR2015-01032, Paper 12 (PTAB Oct. 15, 2015).

<sup>272</sup> *Cox Communications, Inc. v. AT&T Intellectual Property I, L.P.*, IPR2015-01227, Paper 13 (Nov. 19, 2015).

<sup>273</sup> *Adobe Inc. v. RAH Color Technologies, LLC*, IPR2019-00627, Paper 15 (PTAB Apr. 25, 2019)

<sup>274</sup> *Id.* at 10.

<sup>275</sup> *Id.*

<sup>276</sup> *Id.* at 11-15.

<sup>277</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>278</sup> *See Ventex.*

<sup>279</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).



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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>280</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>281</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>282</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>283</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>284</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>285</sup>

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<sup>280</sup> *Id.* at 7-11.

<sup>281</sup> *Id.* at 11-13.

<sup>282</sup> *See PayPal Inc. v. IOEngine, LLC*, IPR2019-00884, Paper 22 (PTAB Oct. 3, 2019).

<sup>283</sup> *Id.* at 9.

<sup>284</sup> *Id.* at 11.

<sup>285</sup> *Id.* at 11-12.

## ***VI. Evidentiary Issues***

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- A. PRESENTING EVIDENCE FROM PARALLEL PROCEEDINGS AT THE PTAB**
  - 1. Benefits and risks of presenting evidence from parallel proceedings
  - 2. Types of evidence
    - a. Claim construction
    - b. Inconsistent positions taken across proceedings
    - c. Secondary considerations of nonobviousness
  - 3. Presenting evidence from a parallel district court case at the PTAB
  - 4. Presenting evidence from a parallel ITC Investigation at the PTAB
- B. PROTECTING CONFIDENTIALITY OF EVIDENCE SUBMITTED TO THE PTAB**
  - 1. Default protective order (Nov. 2019 Trial Practice Guide, Appendix B)
  - 2. Modifications to the default protective order
  - 3. Alternative protective orders
  - 4. Termination of a PTAB proceeding
    - a. Protecting confidential information after settlement
    - b. Expunging confidential information in the record
- C. PRESENTING EVIDENCE (OR RULINGS) FROM THE PTAB IN OTHER PROCEEDINGS**
  - 1. Using evidence, rulings, or arguments from the PTAB in federal courts
  - 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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of a catalog.<sup>286</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>287</sup> On appeal, the Federal Circuit affirmed the determination in a non-precedential ruling under Rule 36.<sup>288</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>289</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>290</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>291</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>292</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>293</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>294</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>295</sup>

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<sup>286</sup> Certain Dental Implants, Inv. No. 337-TA-934, Init. Det. (Oct. 27, 2015) at 61.

<sup>287</sup> Dental Implants, Inv. No. 337-TA-934, Comm'n Op. (May 11, 2016) at 29.

<sup>288</sup> Intradent USA, Inc. v. Int'l Trade Comm'n, 693 F. App'x 908 (Fed. Cir. 2017)

<sup>289</sup> Nobel Biocare Servs. AG v. Intradent USA, Inc., IPR2015-01786, Paper 106 (PTAB Feb. 15, 2017).

<sup>290</sup> *Id.* at 3.

<sup>291</sup> *Id.* at 15.

<sup>292</sup> Nobel Biocare Servs. AG v. Intradent USA, Inc., 903 F.3d 1365 (Fed. Cir. 2018), as amended (Sept. 20, 2018) at 13.

<sup>293</sup> Certain Network Devices, Related Software and Components Thereof (II), Inv. No. 337-TA-945, Comm'n Op. (Aug. 16, 2017).

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

<sup>295</sup> *Id.* at 12.

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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>296</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>297</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>298</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>299</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>300</sup> Many district courts have adopted this understanding of the IPR estoppel statute.<sup>301</sup>

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<sup>296</sup> *Id.*

<sup>297</sup> *Id.* at 11; 35 U.S.C. § 318(b).

<sup>298</sup> *See, e.g.*, Certain Three-Dimensional Cinema Systems and Components Thereof, Inv. No. 337-TA-939, Comm’n Op. (Aug. 23, 2016).

<sup>299</sup> 35 U.S.C. § 315(e)(2).

<sup>300</sup> *Id.*

<sup>301</sup> *Star Envirotech, 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
2. “Substantial evidence” standard
3. De novo review of legal issues
4. Mandamus

### **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>302</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>303</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>304</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>305</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>306</sup> To establish standing, an appellant must

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<sup>302</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>303</sup> *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540, 1547, 194 L.Ed.2d 635 (2016), *as revised* (May 24, 2016).

<sup>304</sup> *JTEKT Corp. v. GKN Auto. LTD.*, 898 F.3d 1217, 1219-20 (Fed. Cir. 2018).

<sup>305</sup> *Consumer Watchdog v. Wis. Alumni Research Found.*, 753 F.3d 1258, 1261 (Fed. Cir. 2014).

<sup>306</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)).

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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>307</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>308</sup>

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>309</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>310</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>311</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>312</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>313</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>314</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

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<sup>307</sup> *Id.* at 1171.

<sup>308</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 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>309</sup> *E.I. DuPont de Nemours & Co. v. Synvina C.V.*, 904 F.3d 996, 1004 (Fed. Cir. 2018).

<sup>310</sup> *Grit Energy Sols., LLC v. Oren Techs., LLC*, 957 F.3d 1309, 1319 (Fed. Cir. 2020).

<sup>311</sup> *DuPont*, 904 F.3d at 1005.

<sup>312</sup> *Id.*

<sup>313</sup> *Adidas AG v. Nike, Inc.*, 963 F.3d 1355, 1357 (Fed. Cir. 2020),

<sup>314</sup> *Id.*



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challenged patent was dismissed with prejudice and the petitioner had transferred ownership of the accused products to a third party.<sup>315</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>316</sup> In *Gen Elec. Co. v. United Techs.*, the Court rejected GE's economic losses argument, because: (1) GE's 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>317</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>318</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>319</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>320</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

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<sup>315</sup> *Grit Energy Sols.*, 957 F.3d at 1319-21.

<sup>316</sup> *See Gen. Elec. Co. v. United Techs. Corp.*, 928 F.3d 1349, 1354 (Fed. Cir. 2019).

<sup>317</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>318</sup> *See RPX Corp. v. ChanBond LLC*, 2018 WL 9371458, \*2-\*3 (Fed. Cir. 2018) (*nonprecedential*).

<sup>319</sup> *Gen Elec. Co. v. United Techs.*, 928 F.3d at 1354.

<sup>320</sup> *AVX Corp. v. Presidio Components, Inc.*, 923 F.3d 1357, 1362-63 (Fed. Cir. 2019).

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statutory rights, including judicial review.”<sup>321</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>322</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>323</sup>

## **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>324</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>325</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>326</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

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<sup>321</sup> *Fitbit, Inc. v. Valencell, Inc.*, 964 F.3d 1112, 1115 (Fed. Cir. 2020).

<sup>322</sup> *Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation*, 956 F.3d 1374, 1376-78, 133 U.S.P.Q.2d (Fed. Cir. 2020).

<sup>323</sup> *Personal Audio, LLC v. Electronic Frontier Foundation*, 867 F.3d 1246, 1249-50 (Fed. Cir. 2017).

<sup>324</sup> *See, e.g., Clinton v. City of N.Y.*, 524 U.S. 417, 433 (1998).

<sup>325</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>326</sup> *AVX*, 923 F.3d at 1363.

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in competition.”<sup>327</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>328</sup> Thus, under *AlX*, “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 Court’s recent precedent on appellate standing, which he criticized.<sup>329</sup> General Electric sought and was denied certiorari.<sup>330</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>331</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>332</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

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

<sup>328</sup> *Id.* (emphasis added) (quoting *JTEKT*, 898 F.3d at 1221).

<sup>329</sup> *Gen. Elec. Co. v. United Techs. Corp.*, 928 F.3d 1349, 1353–54 (Fed. Cir. 2019) (“GE I”);

<sup>330</sup> *Gen. Elec. Co. v. Raytheon Techs. Corp.*, fka *United Techs. Corp.*, 140 S.Ct. 2820 (2020).

<sup>331</sup> *Gen. Elec. Co. v. Raytheon Techs. Corp.*, 983 F.3d 1334, 1342 (Fed. Cir. 2020) (“GE II”)

<sup>332</sup> *JTEKT*, 898 F.3d at 1221

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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>333</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>334</sup>

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>335</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>336</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>337</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

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<sup>333</sup> *Pfizer Inc. v. Chugai Pharm. Co.*, 812 F. App'x 979, 981 (Fed. Cir. 2020)

<sup>334</sup> *Id.*

<sup>335</sup> *Altaire Pharmaceuticals v. Paragon Biotech, Inc.* [Add cite]

<sup>336</sup> [Add cite]

<sup>337</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2137 (2016),

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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>338</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 could be unwound under some minor statutory technicality related to its preliminary decision to institute inter partes review."<sup>339</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>340</sup>

*Cuozzo* 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>341</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>342</sup>

*Cuozzo* served as the basis for other issues outside of section 314 that have also been found as nonappealable, discussed below.

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<sup>338</sup> *Id.*

<sup>339</sup> *Cuozzo*, 136 S. Ct. at 2139-42.

<sup>340</sup> *Id.*

<sup>341</sup> 829 F. App'x 967 (Fed. Cir. 2020) (*nonprecedential*)

<sup>342</sup> 834 F. App'x 571, 572 (Fed. Cir. 2020)

**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>343</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>344</sup>

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>345</sup> The Court found that it needed not venture beyond the holding in *Cuozz*, 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>346</sup>

The Court also acknowledged:

"Section 314(d)'s review bar is not confined to the agency's application of § 314(a), for in *Cuozz* 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 *Cuozz* 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 *Cuozz*; 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 *Cuozz*: 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)."

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<sup>343</sup> *Thryv, Inc v. Click-To-Call Technologies, LP*, 589 U.S. , 140 S. Ct. 1367, 1374 (2020)

<sup>344</sup> [Add cite]

<sup>345</sup> [Add cite]

<sup>346</sup> [Add cite]



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“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>347</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>348</sup> 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 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, LLC*, 824 F. App'x 1015 (Fed. Cir. 2020) (*nonprecedential*)

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<sup>347</sup> See, e.g., *Wi-Fi One*.

<sup>348</sup> *ESIP Series 2, LLC v. Puzhen Life USA, LLC*, 958 F.3d 1378, 1386 (Fed. Cir. 2020),

## ***VIII. ANDA/aBLA Issues***

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- A. ADVANTAGES OF PTAB FOR ANDA/ABLA FILERS**
- B. DISADVANTAGES OF PTAB FOR ANDA/ABLA FILERS**
- C. HATCH-WAXMAN AND IPR**
  - 1. First ANDA filers**
  - 2. Later ANDA filers**
- D. STANDING TO APPEAL PTAB DECISION**
  - 1. Issues specific to ANDA/aBLA filers**