



ARE PTAB Alert: Federal Circuit Corrects Law on IPR Estoppel to Also Apply to All Grounds Not in IPR But Could Have Been Included

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This article has been updated to reflect an errata opinion limiting the scope of the Federal Circuit's decision.

One of the important trade-offs included in the American Invents Act with respect to *inter partes* review (“IPR”), was that in exchange for establishing a faster, more efficient procedure for the USPTO to reconsider patentability in the form of an IPR proceeding, a new form of statutory estoppel would be applied against a petitioner. In particular, 35 U.S.C. 315(e)(1) & (2) limited future validity challenges by a petitioner with respect a claim raised in the petition “on any aground that petitioner raised or reasonably could have raised during that *inter partes* review.”

Prior Federal Circuit decisions, including especially, *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016) adopted a limited view of this language to preclude non-instituted grounds from its scope because such grounds “could not have been raised.” This relied in significant part on the practice at the PTAB of allowing for partial institution of an *inter partes* review, a practice that was subsequently rejected by the Supreme Court in *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018).

Confusion arose in a variety of subsequent Federal Circuit and District Court decisions following *Shaw*. See, e.g., *HP Inc. v. MPHJ Tech. Inv., LLC*, 817 F.3d 1339 (Fed. Cir. 2016); *Pavo Solutions LLC v. Kingston Tech. Co.*, Case No. 8:14-cv-01352-JLS-KES, 2020 U.S. Dist. LEXIS 40406 (C.D. Cal. Feb. 18, 2020); *Cal. Inst. of Tech. v. Broadcom Ltd.*, Case No. CV 16-3714 GW (AGRx), 2018 U.S. Dist. LEXIS 221754 (C.D. Cal. Dec. 28, 2018); *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, Case No. 12-cv-05501-SI, 2017 U.S. Dist. LEXIS 7728 (N.D. Cal. Jan. 19, 2017).

In what was perhaps one of the highest stake patent infringement decisions in the past few years, Judge Linn writing for the majority in *California Institute of Technology v. Broadcom Limited*, took “this opportunity to overrule *Shaw* and clarify that estoppel applies not just to claims and grounds asserted in the petition and instituted for consideration by the Board, but to all claims and grounds not in the IPR but which reasonably could have been included in the petition.” Slip op. at 23 (Fed. Cir. Feb. 4, 2022). Linn later updated this language to clarify the scope of estoppel. Instead of applying to “all claims and grounds not in the IPR”, estoppel applies only to “all grounds not stated in the petition but which reasonably could have been asserted *against the claims included.*” Errata op. at 1. (Fed. Cir. Feb 22, 2022) (emphasis added). As originally



written, the opinion would have prevented the challenge of patents on the basis of unchallenged claims, something the revised opinion permits.

The ruling was consistent with the Supreme Court's overturning of the rationale of *Shaw* regarding partial institution of IPR proceedings. The Federal Circuit in *CalTech* explained: "In a regime in which the Board must institute on all grounds asserted (amended to 'challenged claims' in the errata opinion) and the petition defines the IPR litigation, this interpretation is the only plausible reading of 'reasonably could have been raised' and 'in the IPR' that gives any meaning to those words ." Slip op. at 24.

Thus, with respect to defenses sought to be raised by Apple and Broadcom in the litigation, the majority concluded:

"It is undisputed that Apple and Broadcom were aware of the prior art references that they sought to raise in the district court when Apple filed its IPR petitions. Despite not being included in any of Apple's IPR petitions, the contested grounds reasonably could have been included in the petitions, and thus in the IPR. We affirm the district court's decision barring Apple and Broadcom from raising invalidity challenges based on these prior art references."

Id.

While Judge Dyk dissented with respect to other portions of the decision, he did join in the above holding.

To learn more about PTAB practice and other related issues, please contact us. In the meantime, we will continue to monitor and report on other developments in PTAB practice and patent litigation.

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