

**ESTOPPEL & STAYS:  
RECENT DEVELOPMENTS IN INTER PARTES REVIEW PRACTICE  
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## I. INTRODUCTION

The United States patent system is, regrettably, an uncoordinated patchwork of quite different forums for obtaining, reviewing, and enforcing patents. This lack of coordination may cause inconsistent results and costly redundancy, most notably because of the parallel tracks of infringement actions in the District Courts (and the U.S. International Trade Commission) and *inter partes* review proceedings at the Patent Office. Instead of expeditiously and economically resolving disputes, the patent system too often spawns seemingly endless litigation. And there is the inevitable opportunity for clever lawyers to manipulate the different forums, frustrating the ends of justice.

One key to reducing these difficulties is the estoppel provision in 35 U.S.C. § 315<sup>1</sup>, which essentially limits the repetition of certain prior art arguments in later proceedings, that have already been tested in IPRs. A second is the stay provision<sup>2</sup> of § 315, plus the power of trial judges to stay cases as part of their inherent authority to manage their own dockets.

Courts have of course applied these provisions literally where a literal reading is determinative. But where it is not, the courts balance the interests of the patent owner to a speedy resolution of its infringement and the interests of the patent challenger in a thorough consideration of its invalidity allegations.

## II. ESTOPPEL

Section 315(e) creates two types of estoppel, one limiting future proceedings at the Patent Office and a second limiting infringement claims in the District Courts and the ITC.<sup>3</sup> A patent challenger may be estopped in later Patent Office proceeding or District Court infringement action from asserting a prior art reference if that reference was asserted in an earlier IPR (“petitioned prior art”).<sup>4</sup> Estoppel may also exist for prior art that was not asserted in an earlier IPR if that art could “reasonably”<sup>5</sup> have been raised (“non-petitioned prior art”).

### A. Proceedings at the Patent Office

The Patent Statute states that a

petitioner in an *inter partes* review of a claim in a patent under this chapter that results in a *final written decision* under section 318(a), or the *real party in interest or privy of the petitioner*, may not request or maintain a proceeding before the

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<sup>1</sup> 35 U.S.C. §§ 315(e)(1), (e)(2) (2011).

<sup>2</sup> § 315(a)(2).

<sup>3</sup> §§ 315(e)(1), (e)(2).

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

Office with respect to that claim on any ground that the petitioner *raised or reasonably could have raised* during that inter partes review.

35 U.S.C. 315(e)(1); emphasis added. The estoppel is against Patent Office proceedings, presumably IPRs, post-grant reviews, *ex parte* reexaminations, etc. As suggested by the bolding, the estoppel is triggered by “a final written decision,” and litigants are likely dispute the meaning “real party in interest or privy of the petitioner” and “raised or reasonably could have raised.”<sup>6</sup>

## **B. District Court Actions & ITC Investigations**

The Patent Statute states that a

petitioner in an inter partes review of a claim in a patent under this chapter that results in *a final written decision* under section 318(a), or the *real party in interest or privy of the petitioner*, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner *raised or reasonably could have raised* during that inter partes review.

35 U.S.C. § 315(e)(2); emphasis added. The estoppel applies to District Court infringement actions and ITC investigations. The estoppel is again triggered by “a final written decision” and the meaning “real party in interest or privy of the petitioner” and “raised or reasonably could have raised” is critical.<sup>7</sup>

## **C. “Real Party in Interest”**

The patent challenger bears the burden of persuasion to show that it accurately names each real party in interest.<sup>8</sup> The Patent Office accepts a petitioner’s initial identification of its real parties in interest unless the patent owner presents some evidence to support its argument that an unnamed party should be included.<sup>9</sup>

### **1. General Considerations**

The “real party” issue is said to be quite fact-dependent; and the factors that might be significant in any given case include: “whether a non-party is funding, directing, or controlling the IPR; whether the non-party had the ability to exercise control; the non-party’s relationship with

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<sup>6</sup> § 315(e)(1).

<sup>7</sup> § 315(e)(2).

<sup>8</sup> Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336, 1343 (Fed. Cir. 2018) (citing Zerto, Inc. v. EMC Corp., Case IPR2014-01295, slip op. at 6–7 (PTAB Mar. 3, 2015) (Paper 34)).

<sup>9</sup> Worlds Inc. v. Bungie, Inc., 903 F.3d 1237, 1242 (Fed. Cir. 2018).

the petitioner and with the petition, including any involvement in the filing; and the nature of the entity filing the petition.”<sup>10</sup>

These factors typically involve matters that are primarily with the control of the patent challenger and the Board often accepts the challenger’s assertions on those matters. For instance, the patent challenger in *Apple v. Uniloc Luxembourg* explained that

- (i) its business model did not suggest that the petition had been filed to benefit the asserted real party or at its behest,
- (ii) it did not solicit any input from the asserted real party regarding the IPR,
- (iii) it did not receive any contributions, financial or otherwise, from the asserted real party with respect to the preparation or filing of the IPR, and
- (iv) it received no instructions or information from the asserted real party regarding the IPR.

The Board ruled in favor of the patent challenger, stating that it was “not aware of any evidence that contradicts Petitioner’s assertions” and concluding that there was no “real party” problem.<sup>11</sup>

## 2. Parents & Subsidiaries

A parent/subsidiary relationship does not necessarily mean that its parent is a real party in interest. But where the parent corporation authorized the subsidiary-petitioner’s budget and plans, and the parties held themselves out to the District Court as a single identity in seeking a stay of an infringement action involving the subsidiary, in favor of a second action involving the parent, the Board in *ZOLL Lifecor Corp. v. Philips Electronics North America Corp.* concluded that the parent corporation possessed “the actual measure of control or opportunity to control that might reasonably be expected between two formal co-parties.”<sup>12</sup> Also relevant is the degree of overlap between the parent and the subsidiary-petitioner with respect to counsel, petition preparation, and how the IPR is being financed.<sup>13</sup>

It is a bit more difficult for the patent owner to show that a *parent-petitioner* must name its *subsidiary* as a real party. The Board in *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.* explained that although the subsidiary may be completely owned by the parent-petitioner, giving the parent control over its subsidiary, the opposite is not true.<sup>14</sup>

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<sup>10</sup> *Apple, Inc. v. Uniloc Luxembourg S.A.*, IPR2018-00282, at 6-7 (PTAB Jun. 4, 2019) (Paper 30). *See also* Office Patent Trial Practice Guide, 77 Fed. Reg. at 48759–60 (Aug. 14, 2012).

<sup>11</sup> *Id.* at 6-8.

<sup>12</sup> *ZOLL Lifecor Corp. v. Philips Elec. N. Am. Corp.*, Case IPR2013-00616, at 11-12 (PTAB Mar. 20, 2014) (Paper 17) (quoting 77 Fed. Reg. at 48,759) (internal quotation marks omitted). *See also* Wright & Miller § 4451.

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

<sup>14</sup> *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, Case IPR2014-00488, at 10-11 (PTAB Sept. 11, 2014) (Paper 17).

### **3. Joint Defense Group Members**

Estoppel applies only to the “real party in interest or privy of the petitioner” and to no one else.<sup>15</sup> Thus, in *Finjan v. Cisco Systems*, a patent challenger’s “active involvement with the joint defense group that continually harasses Finjan with IPR challenges” but does not make it a “party in interest or privy of a petitioner” in any earlier IPR.<sup>16</sup> The trial court in *Finjan* therefore refused to apply an estoppel.<sup>17</sup>

#### **D. “Reasonably Could Have Raised”**

##### **1. Who Has the Burden on the “Reasonableness” Issue?**

The burden of coming forward with evidence rests with the patent owner who “must present some evidence that a printed publication sufficiently describing the relevant product existed and was available upon a reasonable search.”<sup>18</sup> The ultimate burden of proof also likely rests with the patent owner asserting estoppel.<sup>19</sup>

##### **2. Patent Challenger Possessed the References on its Petition Filing Date**

The easy case is one in which the patent challenger possessed the reference in question as of the date on which it filed its petition. For instance, where a patent challenger admits that it had copies of the prior art when it filed its petition, it is estopped.<sup>20</sup> And a patent challenger is estopped from later asserting references that were cited in its invalidity contentions.<sup>21</sup>

##### **3. Does Estoppel Apply to Non-Instituted Grounds?**

The Supreme Court ruled in *SAS Institute v. Iancu* that where the Patent Office institutes an IPR, it must decide the patentability of all patent claims challenged, not just some of the claims (citing the express wording of § 318(a) that the Patent Office “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner ...”).<sup>22</sup>

Before the *SAS* decision, it had been common for the Patent Office to institute IPR for certain grounds asserted in a petition, but not for other grounds.

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<sup>15</sup> *Finjan v. Cisco Systems*, Case No. 17-cv-00072-BLF, 5, (N.D. Cal. Feb. 3, 2020) (citing 35 U.S.C. § 315(e)(2)).

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 5-7.

<sup>18</sup> *Oil-Dri Corp. of Am. v. Nestlé Purina Petcare Co.*, Case No. 15 C 1067, 23 (N.D. Ill. Feb. 22, 2019) (Memorandum Opinion and Order).

<sup>19</sup> *Id.* at 17; *Pavo Solutions LLC v. Kingston Tech. Co.*, 8:14-cv-01352-JLS-KES, 7 (C.D. Cal. Feb. 18, 2020); *Wi-LAN Inc. v. LG Elecs., Inc.*, Case No. 18-cv-01577-H-AGS, 8-9 (S.D. Cal. Nov. 4, 2019).

<sup>20</sup> *Oil-Dri Corp. of Am. v. Nestlé Purina Petcare Co.*, Case No. 15 C 1067 (N.D. Ill. Jan. 16, 2018) (Order granting Plaintiff’s Renewed Motion for Estoppel).

<sup>21</sup> *Network-1 Techs., Inc. v. Alcatel-Lucent USA, Inc.*, No. 6:11-cv-00492-RWS-KNM, 11 (E.D. Tex. Sept. 25, 2017).

<sup>22</sup> 138 S. Ct. 1348, 1354 (2018).

Some trial courts said that no estoppel applied to these petitioned-but-not-instituted grounds, which could therefore be asserted as defenses in later infringement actions.<sup>23</sup>

Other pre-*SAS* courts went further and found that estoppel applied only to grounds that were **actually raised and decided** in an IPR, relying upon the an expansive understanding of the Federal Circuit’s decision *Shaw Industrial Group, Inc. v. Automated Creel Systems, Inc.*<sup>24</sup> Estoppel thus did not apply to grounds that were petitioned-but-not-instituted, as well as to grounds that were **not petitioned at all**.

For instance, in *Finjan, Inc. v. Blue Coat Systems, LLC*, the trial court held that “estoppel applies only to grounds that were **both** raised in the IPR petition and instituted in the IPR proceeding” (emphasis added).<sup>25</sup>

This all changed with *SAS*. Now courts apply estoppel not only to petitioned grounds not instituted, but also to non-petitioned grounds.<sup>26</sup> “Allowing defendants to hold back invalidity grounds for litigation ‘would give [them] a second bite at the apple and allow [them] to reap the benefits of the IPR without the downside of meaningful estoppel.’”<sup>27</sup>

The trial judge in *Asetek Danmark A/S v. CoolIT Systems, Inc.*, explained that (1) the “reasonably could have raised” wording of § 315 would be meaningless if estoppel does not apply to non-petitioned grounds, (2) failing to apply estoppel to non-petitioned grounds would be contrary to the efficiency-promoting purpose of § 315, and (3) the fairness and due process worries, which might preclude estoppel for petitioned but non-instituted grounds, are distinguishable from non-petitioned grounds for which the patent challenger has “only itself to blame” for not raising those grounds.<sup>28</sup>

The court in *Music Choice v. Stingray Digital Group, Inc.* struck a similar note, stating that

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<sup>23</sup> *Intellectual Ventures I LLC v. Toshiba Corp.*, 221 F. Supp. 3d 534, 553-54 (D. Del. 2016). *See also* *Trustees of Columbia Univ. v. Symantec Corp.*, 390 F. Supp. 3d 665, 679 (E.D. Va. 2019); *Biscotti Inc. v. Microsoft Corp.*, No. 2-13-cv-01015-JRG-RSP, 13-14 (E.D. Tex. May 11, 2017).

<sup>24</sup> 817 F.3d 1293 (Fed. Cir. 2016).

<sup>25</sup> 238 F. Supp. 3d 839, 855-57 (N.D. Cal. 2017); *see also* *Koninklijke Philips N.V. v. Wangs Alliance Corp.*, No. 14-12298-DJC, 8-9 (D. Mass. Jan. 2, 2018); *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. 12-cv-05501-SI, 4-6 (N.D. Cal. Jan. 19, 2017).

<sup>26</sup> *GREE, Inc. v. Supercell Oy*, Case No. 2019-cv-00071, 5-6, (E.D. Tex. Jul. 9, 2020) (“*GREE*”); *SiOnyx LLC v. Hamamatsu Photonics K.K.*, 330 F. Supp. 3d 574, 601-04 (D. Mass. 2018).

<sup>27</sup> *In re Koninklijke Philips Patent Litigation*, Case No. 18-cv-01885, at 40-41 (N.D. Cal. Apr. 13, 2020), citing *Parallel Networks Licensing, LLC v. Int’l Bus. Machines Corp.*, No. 13-2072 (KAJ), 2017 WL 1045912, at \*12 (D. Del. Feb. 22, 2017); *see also* *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 271 F. Supp. 3d 990, 1029 (E.D. Wis. 2017) (“[I]n order for IPR to fulfill its mission of streamlining patent litigation . . . , a petitioner cannot be left with the option to institute a few grounds for IPR while holding some others in reserve for a second bite at the invalidity apple once in the district court.”); *Douglas Dynamics, LLC v. Meyer Prods. LLC*, No. 14-cv-886-jdp, 2017 WL 1382556, at \*4 (W.D. Wis. Apr. 18, 2017) (“[A defendant] cannot expect to hold a second-string invalidity case in reserve in case the IPR does not go defendant’s way. . . . Congress intended IPR to serve as a complete substitute for litigation validity in the district court.”).

<sup>28</sup> Case No. 19-cv-00410, at 10-11, (N.D. Cal. Dec. 2019).

“[a] looser interpretation would allow, if not encourage, petitioners to hold back invalidity grounds from a PTAB review to avoid estoppel, in direct contradiction to the statute and the policy behind it.”<sup>29</sup>

Some said that no estoppel applied to non-instituted grounds, which could therefore be asserted in later infringement actions.<sup>30</sup> Others refused to apply an estoppel.<sup>31</sup>

After *SAS* the courts apply estoppel not only to petitioned grounds not instituted, but also to non-petitioned grounds.<sup>32</sup>

#### 4. Diligent Searcher Test

The patent challenger is not responsible for all the prior art that exists in the world. But “reasonableness” requires that the challenger must have searched the prior art. Thus, estoppel extends to non-petitioned grounds unless the challenger complies with “the Diligent Searcher Test,” that is all the references that “a skilled searcher conducting a diligent search reasonably would have been expected to discover” among the prior art.<sup>33</sup> Senator Jon Kyl, one of the cosponsors of the AIA, explained that “adding the modifier ‘reasonably’ [to § 315(e)(2)] ensures that could-have-raised estoppel extends only to that prior art which a skilled searcher conducting a diligent search reasonably could have been expected to discover.”<sup>34</sup>

To show what a skilled searcher conducting a diligent search is expected to have uncovered, one “(1) [identifies] the search string and search source that would identify the allegedly unavailable prior art and (2) present[s] evidence, likely expert testimony, why such a criterion would be part of a skilled searcher’s diligent search.”<sup>35</sup> The “expert testimony” must be by an expert searcher, not merely an infringement or validity expert whose searching experience might be limited.<sup>36</sup>

In *Asetek Danmark A/S v. Coolit Systems, Inc.*, the patent owner presented a declaration by an experienced patent lawyer, in support of its motion to strike certain non-petitioned references that the patent challenger had not asserted in an earlier IPR petition.<sup>37</sup> According to the lawyer, a diligent searcher would have combined the patent classifications provided on the first page of the patent in dispute, with keywords developed from the claims and specifications of that patent, to

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<sup>29</sup> Case No. 2:16-cv-00586-JRG-RSP, 6 (E.D. Tex. Nov. 20, 2019). *See also* Tinnus Enterprises, LLC v. Telebrands Corp., 2018 WL 3993468, at \*3 (E.D. Tex. Aug. 21, 2018) (citing Douglas Dynamics, LLC v. Meyer Prod. LLC, 2017 WL 1382556, at \*4 (W.D. Wis. Apr. 18, 2017); Cobalt Boats, LLC v. Sea Ray Boats, Inc., 2017 WL 2605977, at \*3 (E.D. Va. June 5, 2017).

<sup>30</sup> Intellectual Ventures I LLC v. Toshiba Corp., 221 F. Supp. 3d 534 (D. Del. 2016); Finjan, Inc. v. Blue Coat Sys., LLC, 283 F. Supp. 3d 839 (N.D. Cal. 2017).

<sup>31</sup> *E.g.*, Biscotti Inc. v. Microsoft Corp., No. 2-13-cv-01015, 2017 WL 2526231 (E.D. Tex. May 11, 2017).

<sup>32</sup> *GREE* at 5-6; SiOnyx LLC v. Hamamatsu Photonics K.K., 330 F. Supp. 3d 574, 601-04 (D. Mass. 2018).

<sup>33</sup> *GREE, Inc. v. Supercell Oy*, Case No. 2019-cv-00071, 2019 WL 5677511, at \*4 (E.D. Tex. Oct. 30, 2019); Palomar Techs., Inc. v. MRSI Sys., LLC, 373 F. Supp. 3d 322, 331-32 (D. Mass. 2019); SiOnyx, LLC v. Hamamatsu Photonics K.K., 330 F. Supp. 3d 574, 602 (D. Mass. 2018).

<sup>34</sup> 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

<sup>35</sup> Clearlamp, LLC v. LKQ Corp., No. 12 C 2533, 18 (N.D. Ill. Mar. 18, 2016).

<sup>36</sup> *GREE* at 10.

<sup>37</sup> *Asetek Danmark A/S v. Coolit Systems, Inc.*, Case No. 19-cv-00410, 13-14, (N.D. Cal. Dec. 30, 2019).

create a search string.<sup>38</sup> He added that a diligent searcher would have then run “iterative searches” using the publicly available Examiner Automated Search Tool (“EAST”) at the Patent Office, and that the non-petitioned references would have been uncovered.<sup>39</sup> In the absence of an effective response from the patent challenger, the trial judge applied an estoppel and struck the non-petitioned references from the challenger’s invalidity contentions.<sup>40</sup>

“[W]hen a reference is found in a later prior art search, there is a reasonable inference that it could have been found earlier by a skilled searcher.”<sup>41</sup>

The trial judge in *Ironburg Inventions Ltd. v. Valve Corporation* reached the same conclusion.<sup>42</sup> There, the patent challenger filed an IPR petition in September 2016, which failed to include the references in question.<sup>43</sup> Those references, however, were relied upon by a third party’s IPR petition filed “[s]ometime prior to June 2018.”<sup>44</sup> The attorney for the patent challenger stated under oath that “[d]espite its reasonably diligent search efforts,” it had not discovered the references in question, and that it “is not aware of how or when” they had been discovered by third party.<sup>45</sup>

The trial judge found that neither the patent challenger’s failure to discover the references nor its lack of information concerning how those references were discovered by the third party raised any “material” dispute.<sup>46</sup> Since the patent challenger had “offered no evidence concerning the degree of difficulty involved in locating the prior art references at issue,” the judge concluded that the references were “discovered by another interested party during the same period when [the challenger] was motivated to learn of such references.”<sup>47</sup> The judge ruled as a matter of law “that a skilled searcher could have been reasonably expected to find all of these references” and estopped the challenger from relying upon them.<sup>48</sup>

Such an inference—that the prior art could have been discovered by a skilled searcher—may be overcome, for example where the reference was not uncovered by an initial global search because it was in Japanese with no translation.<sup>49</sup> One is tempted to editorialize that resolution of this issue might turn on the mood of the trial court.

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<sup>38</sup> *Id.* at 13.

<sup>39</sup> *Id.*

<sup>40</sup> *Id.* at 13-14.

<sup>41</sup> *GREE* at 9; *see also* *Wi-LAN Inc. v. LG Elecs., Inc.*, 421 F. Supp. 3d 911, 925-26 (S.D. Cal. 2019).

<sup>42</sup> *Ironburg Inventions Ltd. v. Valve Corporation*, No. C17-1182-TSZ, 11-13 (W.D. Wash. Nov. 8, 2019) (the trial judge quite readily found that use of the references in question at trial indicated that they could be uncovered by “diligent search” and applied an estoppel).

<sup>43</sup> *Id.* at 3.

<sup>44</sup> *Id.* at 11.

<sup>45</sup> *Id.* at 12.

<sup>46</sup> *Id.*

<sup>47</sup> *Id.* at 13.

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

<sup>49</sup> *Fréal Foods, LLC v. Hamilton Beach Brands, Inc.*, Case No. 16-cv-0041, 2-4 (D. Del. Apr. 10, 2019). A good many years ago, one of the authors was asked by a judge in a Delaware court whether a Japanese patent document could be prior art in a U.S. court. Times have changed.



## 5. What If the Patentee’s Infringement Contentions Are Unexpected?

A patent challenger might believe that the patent owner’s infringement contention is based upon a claim construction that it is so absurd that it could not have been expected – in the absence of an expectation of such a broad construction, the challenger could not have “reasonably” asserted certain prior art references as anticipating or making obvious such broadly construed claims. It would therefore not have been “reasonable,” the challenger might argue, to have raised those prior art references and estoppel should not apply.

This argument has *not* been well-received. Courts find that it is “reasonable” for a patent challenger to expect that the patent owner will maintain the “broadest possible” interpretation of its patent claims, to allege infringement. “[T]here could be a case where a party’s reading of its own patents is so outlandish that a court might decline to apply estoppel ... [but here the patent owner’s] interpretation might be aggressive, but it is within the scope of what might be plausible.”<sup>50</sup>

### E. Other Issues

#### 1. What If the Prior Art Is a Physical Sample?

Is there estoppel where the challenger in an infringement action cites as invalidating prior art a physical sample described in a printed publication that, itself, was available during the IPR? In *Polaris Indus., Inc. v. Arctic Cat Inc.*, the trial court ruled that a physical sample could not have been raised during the IPR because only patents or printed publications constitute grounds in IPRs, and there could therefore be no estoppel.<sup>51</sup> Similarly, in *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, the trial court held that there is no estoppel for physical specimens “given the clear limitation of Section 311(b) to written materials.”<sup>52</sup> Since defendants “could not have raised prior art systems, such as products and software, during IPR proceedings. . . . [they may] rely on the prior art systems in their invalidity contentions to argue anticipation or obviousness.”<sup>53</sup>

On the other hand, in *Oil-Dri Corp. of Am. v. Nestlé Purina Petcare Co.*, the court found an estoppel where the patent challenger had reasonable access to a printed publication, which could have been relied upon in the IPR, that described the sample.<sup>54</sup>

The best resolution of this issue may be that estoppel applies where the printed publication discloses the *same claimed elements* that are in the product, but not where the sample discloses claimed features that are *not* present in the printed publication.<sup>55</sup> The trial judge reached a similar

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<sup>50</sup> *Microchip Tech. Inc. v. Aptiv Services*, Case No. 1:17-cv-01194, 7, (D. Del. Jul. 28, 2020); *see also GREE* at 10.

<sup>51</sup> *Polaris Indus., Inc. v. Arctic Cat Inc.*, No. CV 15-4475, 6-7 (D. Minn. Aug. 15, 2019). The *Polaris* reasoning suggests an interesting possibility because the physical sample was successfully used as a secondary reference in combination with a primary patent reference that had been reasonably available during an IPR – it was the combination of the sample and the patent that could not have been raised.

<sup>52</sup> *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 271 F. Supp. 3d 990, 1032 (E.D. Wis. 2017).

<sup>53</sup> *Zitovault, LLC v. International Business Machines Corp.*, No. 3:16-cv-0962-M, 8 (N.D. Tex. Apr. 4, 2018).

<sup>54</sup> *Oil-Dri Corp. of Am. v. Nestlé Purina Petcare Co.*, Case No. 15 C 1067, 23 (N.D. Ill. Feb. 22, 2019) (Memorandum Opinion and Order).

<sup>55</sup> *Star Envirotech, Inc. starv. Redline Detection, LLC*, No. SACV 12-01861, 5 (C.D. Cal. Jan. 29, 2015).

conclusion, finding estoppel where the asserted physical sample was “materially identical” to the prior art printed publication, which had been “reasonably available” in an earlier IPR.<sup>56</sup>

As the party responsible for establishing the estoppel, the patent owner must clearly demonstrate to the trial court the essential identity of the newly asserted physical sample to the patent or printed publication that had been relied upon or could have been relied upon by the patent challenger in the earlier IPR.<sup>57</sup>

Of course, there not everyone agrees. One court found that the “relevant inquiry, therefore, is not whether the ground is redundant of a ground that was asserted but, rather, whether the ground reasonably could have been raised. Merely being redundant to a ground that could have been asserted during *inter partes* review does not estop the alleged infringer from relying upon a ground based upon prior art that was not reasonably available during *inter partes* review.”<sup>58</sup>

In any event, patent challengers must avoid even the appearance of “cloak[ing] its reliance upon [prior art] as a product . . . to avoid [the] estoppel.”<sup>59</sup>

## 2. What Is “a Final Decision on Patentability?”

The Patent Office in the IPR, *Verinata Health, Inc. v. Ariosa Diagnostics*, never applied the asserted reference to the challenged patent claims.<sup>60</sup> Rather, it found that the challenger had failed to carry its burden to demonstrate that the reference was entitled to priority and therefore prior art under § 102.<sup>61</sup> The patent challenger subsequently argued in the infringement action that the Patent Office ruling was not “a final written decision *under section 318(a)*,” so that estoppel did not attach to the instituted ground.<sup>62</sup> The trial court found that the statutory estoppel provision applies only to an IPR ““that results in a final written decision under § 318(a) . . . .” 35 U.S.C. § 315(e)(2). Section 318(a), in turn, states that after instituting IPR, the PTAB ‘shall issue a final written decision *with respect to the patentability* of any patent claim challenged . . . .’”<sup>63</sup> The patent challenger argued that the Patent Office ruling did not include a decision on patentability.<sup>64</sup>

The trial judge disagreed, finding that the Patent Office had examined the patent challenger’s priority date evidence, but was not convinced by it.<sup>65</sup> The trial judge therefore

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<sup>56</sup> Wasica Finance GmbH et al. v. Schrader Int’l, Inc., Case No. 13-1353, 7, (D. De. Jan. 14, 2020).

<sup>57</sup> Microchip Tech. Inc. v. Aptiv Services, Case No. 1:17-cv-01194, 7, (D. Del. Jul. 28, 2020).

<sup>58</sup> Clearlamp, LLC v. LKQ Corp., No. 12 C 2533, 16-17 (N.D. Ill. Mar. 18, 2016). *See also* Contour IP Holding, LLC v. GoPro, Inc., No. 3:17-cv-04738, (N.D. Cal. Jan. 9, 2020) (no estoppel from asserting grounds that may be redundant of grounds raised during the IPR, where the asserted references or combinations of references that were unavailable during the earlier IPR); *The California Institute of Technology v. Broadcom Ltd.*, 2:16-cv-03714-H-AGS, 8-12 (C.D. Cal. Aug. 9, 2019) (a “known or used” theory that is not precluded by IPR estoppel).

<sup>59</sup> SRAM, LLC v. RFE Holding (Canada) Corp., Consolidated Case Nos. 15 C 11362, 16 C 5262, 11 (N.D. Ill. Jan. 25, 2019) (quoting *Clearlamp*) (internal quotation marks omitted).

<sup>60</sup> *Ariosa Diagnostics, Inc. v. Illumina, Inc.*, IPR 2014-01093 (PTAB Jan. 7, 2016) (Paper 69).

<sup>61</sup> *Id.* at 13-15.

<sup>62</sup> *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. 12-cv-05501-SI, 9 (N.D. Cal. Jan. 19, 2017).

<sup>63</sup> *Id.*

<sup>64</sup> *Id.*

<sup>65</sup> *Id.* at 9-10.

concluded that estoppel attached to the grounds raised in the IPR.<sup>66</sup> The challenger’s remedy, the trial court added, was through an appeal of the Patent Office’s adverse ruling to the Federal Court.<sup>67</sup>

### 3. Is There a Deadline for the Patent Owner to Request Estoppel?

In a case that might be limited to its specific facts, the trial judge permitted the patent challenger to assert an estoppel based on a final written decision from the Patent Office that issued *after* conclusion of the trial, but *before* a final judgment had issued.<sup>68</sup> He justified his ruling on the interest of judicial economy and the “plain language of the statute does not indicate that Congress intended for there to be a time limitation upon the estoppel effect of a final written decision of an IPR.”<sup>69</sup>

## III. STAYS

### A. Statutory Stays

Section 315(a)(2) creates an automatic stay:

**STAY OF CIVIL ACTION.**—If the *petitioner or real party in interest files a civil action challenging the validity of a claim of the patent* on or after the date on which the petitioner files a petition for inter partes review of the patent, that civil action shall be *automatically stayed* until either—  
(A) the patent owner moves the court to lift the stay;  
(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or  
(C) the petitioner or real party in interest moves the court to dismiss the civil action.

35 U.S.C. § 315(a)(2) (emphasis added). The stay is triggered when petitioner or real party in interest files an action challenging the validity of a claim of the patent.<sup>70</sup>

### B. Multiple Proceedings at the Patent Office

Stays are also available where a patent is subject to multiple proceedings, in addition to the IPR, for instance an *ex parte* reexamination, a reissue, or a post-grant review.<sup>71</sup>

Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the

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<sup>66</sup> *Id.*

<sup>67</sup> *Id.*

<sup>68</sup> *Novartis Pharmaceuticals Corp. v. Par Pharmaceutical Inc.*, Case No. 14-1289-RGA, 5-6 (D. Del. Apr. 11, 2019).

<sup>69</sup> *Id.*

<sup>70</sup> *See* § 315(a)(2).

<sup>71</sup> § 315(d).

inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

35 U.S.C. § 315(d). The wording of this provision is open-ended and extends significant discretion to the Patent Office to formulate and apply its own practice to reduce the number of potentially redundant proceedings.<sup>72</sup>

The Patent Office has identified eight factors for the Board to consider:

- whether the claims challenged in the AIA proceeding are the same as or depend directly or indirectly from claims at issue in the concurrent parallel Office proceeding;
- whether the same grounds of unpatentability or the same prior art are at issue in both proceedings;
- whether the concurrent parallel Office proceeding will duplicate efforts within the Office;
- whether the concurrent parallel Office proceeding could result in inconsistent results between proceedings (*e.g.*, whether substantially similar issues are presented in the concurrent parallel Office proceeding);
- whether amending the claim scope in one proceeding would affect the claim scope in another proceeding;
- the respective timeline and stage of each proceeding;
- the statutory deadlines of the respective proceedings; and
- whether a decision in one proceeding would likely simplify issues in the concurrent parallel Office proceeding or render it moot.<sup>73</sup>

The Patent Office noted a series of IPR stay decisions, applying one or more of these factors.<sup>74</sup> The most significant factor is the relative progress of the IPR proceeding and the “other proceeding,” with the more advanced proceeding likely to take precedence.<sup>75</sup>

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<sup>72</sup> See § 315(d).

<sup>73</sup> Notice Regarding Options for Amendments by Patent Owner Through Reissue or Reexamination During a Pending AIA Trial Proceeding, 84 Fed. Reg. 16,654, 16,657 (April 2019).

<sup>74</sup> *Id.* at 16,657 (including “*CBS Interactive Inc. v. Helferich Patent Licensing, LLC.*, Case IPR2013-00033, Paper 15 (PTAB Nov. 6, 2012) (order to stay a concurrent reexamination); *Stride Rite Children's Group, LLC v. Shoes By Firebug LLC*, Case IPR2017-01810, Paper 23 (PTAB Jul. 12, 2018) (order to stay a concurrent reissue); *Arctic Cat, Inc. v. Polaris Indus., Inc.*, Case IPR2015-01781, Paper 78 (PTAB Sept. 25, 2018) (denying stay because of meaningful distinctions between issues raised in a reexamination and an IPR); *Acrux DDS Pty, Ltd. v. Kaken Pharma. Co. Ltd.*, Case IPR2017-00190, Paper 11 (PTAB Mar. 1, 2017) (denying stay requested prior to trial institution); *Mastercard Int'l Inc. v. D'Agostino*, Case IPR2014-00543, Paper 14 (PTAB October 2, 2014) (denying stay because a Notice of Intent to Issue a Reexamination Certification already had been entered in the co-pending reexamination)”).

<sup>75</sup> See *Id.*

### C. District Court Stays Based on Inherent Authority

District Courts have long exercised their inherent authority to stay infringement actions pending resolution of challenges to patent validity at the Patent Office.<sup>76</sup> The courts' practices have varied widely, but they have commonly identified the same factors listed above by the Patent Office.<sup>77</sup>

On the other hand, individual trial judges tend to be divided into two groups – those who show special concern for the damage that patent owners would suffer from the delay of a stay being granted, and those who expect that a Patent Office determination of patent validity will reduce the judicial and administrative costs associated with patent litigation.<sup>78</sup>

An example of the latter is the decision in *DivX, LLC v. Netflix*, where the trial judge summarized “[t]he early stage of the proceedings weighs in favor of a stay, the likelihood of simplification weighs very slightly in favor of a stay, and the lack of undue prejudice to Plaintiff weighs in favor of a stay. Collectively, these factors thus weigh in favor of a stay.”<sup>79</sup>

It must also be acknowledged that the likelihood of a stay being granted depends to an extent on the District in which the case is pending. Thus, the District of Delaware and the Eastern District of Texas grant about one-third of the stay motions presented to them, whereas the Northern District of California grants twice that number.<sup>80</sup>

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<sup>76</sup> *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936); *Sharidan Styles v. H-E-B, LP*, Case No. 4:19-cv-489-SDJ, 2 (E.D. Tex. May 1, 2020).

<sup>77</sup> *E.g.*, *Ultratec, Inc. v. Sorenson Comm'ns, Inc.*, No. 13-cv-346-bbc, 3-9 (W.D. Wisc. Nov. 14, 2013).

<sup>78</sup> Scott Daniels, *Deciding Whether to Stay a Case Pending Reexamination*, IPWATCHDOG PATENT LAW PRACTICE CENTER, Mar. 8, 2011, <https://patentlawcenter.pli.edu/2011/03/08/deciding-whether-to-stay-a-case-pending-reexamination/>.

<sup>79</sup> *DivX, LLC v. Netflix*, CV 19-1602, 7 (C.D. Cal. May 11, 2020).

<sup>80</sup> Jim Warriner, *Measuring the Success of Motions to Stay Pending IPR*, LAW 360, Jun. 6, 2017, <https://www.law360.com/articles/928654/measuring-the-success-of-motions-to-stay-pending-ipr>.