

Dot Hill Systems Corp. v. Crossroads Systems: Granting Institution and Motion for Joinder IPR2015-00822

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Takeaway: Contractual estoppel likely cannot be asserted by a patent owner as an argument against institution of inter partes review because the Board lacks an explicit statutory basis for considering affirmative estoppel-based defenses.

In its [Decision](#), the Board instituted *inter partes* review of the '035 patent and granted Petitioner's Motion for Joinder to join the instant proceeding with IPR2014-01197 ("the '1197 proceeding"). The Petition in the instant proceeding presented the same challenges as those asserted in the '1197 proceeding, relying upon the same evidence and expert declaration.

Patent Owner argued that the Board should exercise its discretion under 35 U.S.C. § 325(d) to deny the Petition because the same arguments were previously presented to the Office in the '1197 proceeding. Patent Owner also argued that because the Board denied several grounds asserted in the '1197 proceeding, the Board should again deny those same grounds. The Board decided to institute trial, but only as to the same grounds instituted in the '1197 proceeding.

Patent Owner also argued that Petitioner was contractually estopped from challenging the '035 patent based upon an "Amended Settlement Agreement." The Board authorized the parties to brief the question of contractual estoppel. Petitioner argued that the Board could not consider the question of contractual estoppel pursuant to the statutes and rules governing *inter partes* review. In response, Patent Owner argued that Petitioner did not cite anything precluding the Board's consideration of the issue and that institution of review is discretionary, not mandated.

As to the question of whether the Board could even consider contractual estoppel as a type of affirmative defense, the Board first noted that it is "a creature of statute" and its authority "must be grounded in an express grant from Congress." Addressing the case law cited by Petitioner, the Board agreed with the analysis concluding that "no explicit provision provides for affirmative estoppel-based defenses, such as assignor estoppel, precluding institution of an *inter partes* review." The Board also agreed with Petitioner that the cases applied to contractual estoppel, and the distinction between the different types of estoppel as highlighted by Patent Owner did not "provide an explicit statutory basis for [the Board] to consider one, but not the other." Thus, the Board was not persuaded that contractual estoppel could be asserted by Patent Owner as an argument to preclude institution.

The Board next considered whether it should factor the contractual estoppel arguments into exercising its discretion under 35 U.S.C. § 314. The Board noted that if it were to deny the Petition, then Petitioner would be precluded from challenging the claims of the '035 patent through joinder with the '1197 proceeding. On the other hand, Patent Owner would not be burdened if the Petition were granted because the '1197 proceeding was ongoing with the date for oral hearing already set and Patent Owner would still be in the position of defending the claims. Thus, any prejudice associated with joining Petitioner as an “understudy” role “does not outweigh the prejudice to Petitioner of losing its opportunity to challenge the claims.”

Accordingly, the Board ultimately decided to exercise discretion under 35 U.S.C. § 314 to institute *inter partes* review as to the grounds instituted in the '1197 proceeding.

With respect to the Motion for Joinder, which Patent Owner did not oppose, the Board found that Petitioner established good cause for joining the instant proceeding with the '1197 proceeding. There would be no delay or modification to the ongoing '1197 proceeding, and the challenges in both proceedings were identical. Thus, the Motion for Joinder was granted.

***Dot Hill Systems Corp. v. Crossroads Systems, Inc.*, IPR2015-00822 Paper 18: Decision on Institution of *Inter Partes* Review and Motion for Joinder Dated: September 17, 2015 Patent: 6,425,035 B2 Before: Neil T. Powell, Kristina M. Kalan, J. John Lee, and Kevin W. Cherry Written by: Cherry Related Proceedings: Multiple district court proceedings; IPR2014-01197; IPR2014-01226; IPR2015-00777; IPR2015-00825; IPR2015-01063; IPR2014-01207; IPR2014-01209; IPR2014-01233; IPR2014-01463; IPR2014-01544; IPR2015-00772; IPR2015-00773; IPR2015-00776; IPR2015-00852; IPR2015-00854; IPR2015-01064; and IPR2015-01066**

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