

## Federal Circuit Limits Estoppel Provision of AIA

Article By:

Martin Bader

Ericka J. Schulz

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On March 23, 2016, the **Federal Circuit** addressed the scope of the estoppel provision for *inter partes* reviews (“IPRs”) contained in Section 315 of the **American Invents Act**. The Court relied on the plain reading of “during” to find that § 315(e) actually **prohibits** future estoppel on grounds for which an IPR was sought, but rejected—even if merely based on redundancy [Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.](#), 2015-1116 (“Slip Op.”).

In *Shaw Industries*, Shaw sought two separate IPRs on Automated Creel Systems’ patent, and the PTAB instituted review on all asserted claims, but not on all grounds. Specifically, the PTAB declined to institute review on certain claims that included an “interposing” limitation based on U.S. Patent No. 4,515,328 (“the Payne-based ground”). The PTAB refused to institute the Payne-based grounds as being “redundant” in light of the other instituted grounds. In its final decision, the PTAB found unpatentable all reviewed claims **except** the “interposing” claims.

Shaw appealed the decision refusing to institute the interposing claims and asked the Federal Circuit to review the PTAB’s “authority, and correctness...in deeming a subset of asserted grounds redundant of instituted grounds.” Slip op. at 7. The Federal Circuit denied Shaw’s appeal, finding that it did not have the jurisdiction to review the PTAB’s decision on instituting an IPR based on some but not all the grounds Shaw raised. *Id.* at 7-9.

Shaw also petitioned for an alternative writ of mandamus instructing the PTAB to reevaluate its redundancy decision of the Payne-based grounds due to concerns that the estoppel provision of § 315(e) would prevent Shaw from raising the Payne-based grounds in future proceedings. *Id.* at 9-10. In relevant part, § 315(e) states that an IPR petitioner, who received a final written decision under § 318, may not assert “that [a] claim is invalid under on any ground that the petitioner raised or reasonably could have raised **during** that inter partes review” in any future civil or PTO proceeding. 35 U.S.C. § 315(e) (emphasis added).

Finding the word “during” operative, the Federal Circuit held that an “IPR does not begin until it is instituted,” and agreed with the PTO that the “denied ground never became part of the IPR.” Slip op. at 11. Thus, the Federal Circuit found that Shaw “did not raise—nor could it have reasonably—the Payne-based ground **during** the IPR,” and that “[t]he plain language of the statute **prohibits** the

application of estoppel under these circumstances.” *Id.* (emphasis added). Accordingly, the *Shaw* Court denied the petition for writ of mandamus because Shaw could pursue the rejected Payne-based grounds in future civil or PTO invalidity proceedings. *Id.*

Although, it is still far too soon to understand the full scope of this decision’s effect on how petitioners draft their IPRs, this decision is a marked departure from what used to be widely thought of as a sweeping estoppel provision.

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