

Continuing Uncertainty in a Survey of IPR Estoppel Decisions under § 315(e)(2)

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The America Invents Act (AIA) created *inter partes* review (IPR) proceedings as a streamlined, agency-based alternative to costly and time-consuming district court litigation for resolving questions of patent validity. To achieve the desired efficiencies, Congress recognized that IPRs would need to supplant—not duplicate—district court validity disputes. Once an IPR has reached a final written decision, the estoppel provision of 35 U.S.C. § 315(e)(2) thus precludes the petitioner from later challenging the same claims in court on “any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.”

Thus, if a petitioner attacks the same claim in an IPR and a later court action, the question for the court becomes whether the challenge is one that the petitioner *raised* or *reasonably could have raised* during the IPR. To illustrate, assume a petitioner challenged Claim A in a previous IPR and now asserts in court that Claim A is anticipated by prior art Patent X. Four recurring scenarios arise:

1. IPR was not instituted against Claim A on any ground.
2. IPR was instituted against Claim A on the same ground (*i.e.*, anticipation by Patent X).
3. IPR was instituted against Claim A on other grounds, the IPR petition raised anticipation by Patent X, and the Board denied institution on that ground.
4. IPR was instituted against Claim A on other grounds, and the IPR petition did not assert anticipation by Patent X.

The preceding examples assume that the prior IPR resulted in a final written decision, which § 315(e) mandates as a prerequisite for estoppel. A number of recent decisions have addressed the effect of § 315(e) in each of those situations, as discussed below.

Scenario 1: No Estoppel

The Federal Circuit suggested in *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1316 (Fed. Cir. 2016), that the validity of “claims for which the Board did not institute inter partes review can still be litigated in district court.” That view aligns well with the claim-by-claim approach to estoppel set forth in § 315(e) and has been adopted by at least one district court. *Princeton Digital Image Corp. v. Konami Digital Ent'mt Inc.*, No. 12-1461-LPS-CJB (D. Del. Jan. 19, 2017).

Scenario 2: Estoppel Applies

The statute is clear that grounds raised and finally decided in a prior IPR invoke estoppel under § 315(e), and the statute has been applied accordingly by the district courts. See *Verinata Health Inc. v. Ariosa Diagnostics, Inc.*, No. 12-cv-05501-SI (N.D. Cal. Jan. 19, 2017); *Intellectual Ventures I v. Toshiba Corp.*, No. 13-453-SLR (D. Del. Dec. 19, 2016).

Scenario 3: Likely No Estoppel

While it appears likely that no estoppel will apply in this category of cases, at least one court has reached a contrary result. The Federal Circuit has held that no estoppel applies because grounds raised in an IPR petition but denied institution were not raised *during* the IPR as required by statute and *could not have been* raised because the Board affirmatively excluded them. *Shaw Indus. Grp. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016); see also *HP Inc. v. MPHJ Tech. Invs.*, 817 F.3d 1339, 1347-48 (Fed. Cir. 2016) (citing *Shaw*). At least two district courts have followed *Shaw* and held that estoppel did not apply to grounds previously raised but not instituted in an IPR. *Intellectual Ventures I v. Toshiba Corp.*, No. 13-453-SLR (D. Del. Dec. 19, 2016); *Illumina, Inc. v. Qiagen N.V.*, No. C 16-02788 WHA (N.D. Cal. Sept. 9, 2016).

Another court, however, reached a contrary result where a petitioner had raised overlapping obviousness grounds in an IPR petition, asserting obviousness based on references A+B, C+D, and C+D+E. The Board instituted IPR only on the C+D+E ground, and the petitioner later challenged the same claims in court based on A+B and C+D. The court followed *Shaw* in holding that the petitioner was not estopped from raising A+B because that ground had not been instituted. Paradoxically, however, the court also held, without analysis, that § 315(e) estopped the petitioner from asserting C+D because “the combination of [C+D] is simply a subset of the instituted grounds.” *Verinata Health Inc. v. Ariosa Diagnostics, Inc.*, No. 12-cv-05501-SI (N.D. Cal. Jan. 19, 2017). That holding appears contrary to *Shaw* but awaits further consideration on appeal.

Scenario 4: Still Unclear

The “could have raised” language of § 315(e)(2) harbors unanswered questions regarding prior art that was known or knowable to the petitioner during an IPR but not included in the petition. The broad statutory language, coupled with the overarching purpose of § 315(e) to encourage efficient resolution of validity disputes, suggests that estoppel should apply to grounds that were known or knowable but not included in an IPR petition. But one court has applied *Shaw* expansively to reach the opposite result, concluding that such grounds were not raised *during* the IPR and thus could not invoke estoppel. *Intellectual Ventures I v. Toshiba Corp.*, No. 13-453-SLR (D. Del. Dec. 19, 2016). The court recently reconsidered but declined to change its holding, instead expressly inviting the Federal Circuit to clarify the issue on appeal. *Id.* (D. Del. Jan. 11, 2017).

Another court focused its analysis on whether the references not raised in a prior petition were “reasonably available” to the petitioner at the time of the petition. The court concluded that estoppel does not apply unless the patent owner asserting estoppel could show that the reference could have been “found by a skilled searcher performing a diligent search.” *Clearlamp LLC v. LKQ Corp.*, 12-cv-02533 (N.D. Ill. Mar. 18, 2016). Until the Federal Circuit weighs in, the precise application of § 315(e) in these instances remains an open question.

Conclusions

The courts have only recently begun to apply the estoppel provisions of § 315(e), and the results so far have been mixed. The exact contours of the § 315(e) estoppel provisions are likely to remain in flux until cases presenting each the various fact scenarios above make their way to the Federal Circuit. In the meantime, patent owners and challengers should be aware of the pitfalls and opportunities presented by the current state of the law governing estoppel under § 315(e).

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