

Federal Circuit Extends Prosecution Disclaimer to IPR Proceedings: Aylus Networks v. Apple

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The **Federal Circuit** recently held as a matter of first impression that statements made by a patent owner during an IPR proceeding can be considered for claim construction and relied upon to support a finding of prosecution disclaimer in district court.

On May 11, the US Court of Appeals for the Federal Circuit addressed an issue of first impression: whether statements made by a patent owner during an *inter partes* review (IPR) proceeding can support a finding of prosecution disclaimer during claim construction in district court.^[1]

In ***Aylus Networks, Inc. v. Apple, Inc.***, the Federal Circuit held that statements made by a patent owner during an IPR proceeding, whether before or after an institution decision, can be considered for claim construction and relied upon to support a finding of prosecution disclaimer in district court.^[2]

The Decision

Patent owner Aylus Networks, Inc. owns US Patent No. RE 44,412 (the '412 patent), which relates to systems and methods for streaming and displaying media content between electronic devices on the same personal Wi-Fi network.^[3] Aylus filed suit against Apple in the US District Court for the Northern District of California (District Court) claiming that Apple's "AirPlay" feature infringed the '412 patent.^[4]

In response, Apple filed two separate petitions for *inter partes* review of the '412 patent.^[5] The Patent Trial and Appeal Board (Board or PTAB) instituted an IPR proceeding on all claims except claims 2 and 21, which included a limitation for an improved method for delivering media content over a Wi-Fi network to reduce Wi-Fi usage.

Following institution, Aylus filed a notice of voluntary dismissal in the District Court, dismissing with prejudice its infringement contentions as to all asserted claims, except for claims 2 and 21.^[6] Apple then filed a motion for summary judgment of noninfringement of claims 2 and 21, arguing that it does not practice the limitation directed to a method for delivering media content.^[7]

The District Court granted Apple’s motion based on a limiting construction of the claimed media delivery method. The District Court specifically relied on Aylus’s statements in its preliminary IPR responses, which the court found “akin to prosecution disclaimer.” Aylus appealed.

On appeal, the Federal Circuit held that the doctrine of prosecution disclaimer applies in IPR proceedings before the US Patent and Trademark Office (PTO). Although the doctrine initially arose in the context of preissuance prosecution, the court explained that the doctrine has since been applied to other postissuance proceedings before the PTO, such as reissue or reexamination proceedings.^[8] Thus, the court reasoned that the doctrine should likewise apply in IPR proceedings to “ensure that claims are not argued one way in order to maintain their patentability and in a different way against accused infringers.”^[9] The court further explained that extending the doctrine to IPR proceedings “will ‘promote[] the public notice function of the intrinsic evidence and protect[] the public’s reliance on definitive statements made during’ IPR proceedings.”^[10]

The Federal Circuit rejected Aylus’s argument that statements made during IPR proceedings are unlike those made during reissue or reexamination proceedings because an IPR proceeding is an adjudicative proceeding, not an administrative proceeding.^[11] Looking to the Supreme Court’s decision in *Cuozzo Speed Technologies, LLC v. Lee*, the Federal Circuit explained that “[b]ecause an IPR proceeding involves reexamination of an earlier administrative grant of a patent, it follows that statements made by a patent owner during an IPR proceeding can be considered during claim construction and relied upon to support a finding of prosecution disclaimer.”^[12]

The Federal Circuit also dismissed Aylus’s argument that its statements were not part of an IPR proceeding because they were made in a preliminary response before the Board issued its institution decision.^[13] Even though an IPR proceeding is a two-step process, “for the purposes of prosecution disclaimer,” the court found “the differences between the two phases of an IPR to be a distinction without a difference.”^[14] According to the court, responses filed before and after the Board’s institution decision are “official papers filed with the PTO and made available to the public.”^[15] Therefore, for both pre– and post–institution filing, “the public is ‘entitled to rely on those representations when determining a course of lawful conduct, such as launching a new product or designing around a patented invention.’”^[16]

Future Implications

Following the Federal Circuit’s decision in *Aylus*, litigants and their counsel must now add prosecution disclaimer to the list of considerations for informed decisionmaking about whether and how to engage in parallel PTAB and district court proceedings. For example, when developing proposed constructions based on intrinsic evidence in district court proceedings, parties must be cognizant of potential prosecution disclaimers arising in previous IPR proceedings. Counsel must also approach claim construction in IPR proceedings with knowledge that the arguments may limit a claim’s literal scope and the range of equivalents under the doctrine of equivalents moving forward. The same care should be taken with any claim-related statements before the Board, such as explanations of what the invention does or does not cover.

Moreover, the *Aylus* decision leaves open the following issues: (1) whether prior statements made by a patent owner *during IPR proceedings* may be relied upon to support a finding of prosecution disclaimer *in a subsequent IPR proceeding*, and (2) whether statements made by a patent owner *during a district court proceeding* could be relied upon to support a finding of prosecution disclaimer *in a subsequent IPR proceeding*.

As to the first issue, it seems likely that the doctrine of prosecution disclaimer would also apply in the PTAB-to-PTAB scenario because the court in *Aylus* did not expressly limit the extension to subsequent district court proceedings. Rather, the court broadly held that “statements made by a patent owner during an IPR proceeding, whether before or after an institution decision, can be considered for claim construction and relied upon to support a finding of prosecution disclaimer.”^[17]

As to the second issue, although less clear, the court’s reasoning in *Aylus* that parties should take consistent positions in both forums seems to imply that the doctrine would likewise extend to the district court–to-PTAB scenario. For example, it is arguably unfair for a party to take a broad claim construction position for infringement in a district court but a narrow one in the PTAB to avoid an unpatentability finding.

Finally, the court’s holding in *Aylus* may further cloud the definition of “IPR proceedings.” For example, in *Aylus*, the Federal Circuit explained that “statements made by a patent owner during an IPR proceeding, *whether before or after an institution decision*, can be . . . relied upon to support a finding of prosecution disclaimer.”^[18] In contrast, the Federal Circuit has previously held that “IPR does not begin until it is instituted.”^[19] Litigants will certainly capitalize on this definitional divide as interpretation issues continue to arise for post-grant proceedings.

[1] *Aylus Networks, Inc. v. Apple, Inc.*, No. 2016-1599, slip. op. at 8 (Fed. Cir. May 11, 2017).

[2] *Id.* at 14.

[3] *Id.* at 2.

[4] *Id.* at 2, 6.

[5] *Id.* at 6.

[6] *Id.*

[7] *Id.*

[8] *Id.* at 10.

[9] *Id.*

[10] *Id.* at 11 (quoting *Omega Eng’g, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1324 (Fed. Cir. 2003)).

[11] *Id.*

[12] *Id.* at 11-12 (citing *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2134-44 (2016)).

[13] *Id.*

[14] *Id.* at 13.

[15] *Id.*

[16] *Id.* at 14 (quoting *Biogen Idec, Inc. v. GlaxoSmithKline LLC*, 713 F.3d 1090, 1095 (Fed. Cir. 2013)).

[17] *Id.*

[18] *Id.* at 14 (emphasis added).

[19] *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016).

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