

CAFC correction on IPR estoppel limits original ruling, but patent owners still win

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03 March 2022



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Many patent attorneys expressed confusion when reading a US appellate court ruling which expanded rules to prevent duplication of invalidity arguments in *inter partes* reviews and district court litigation.

The US Court of Appeals for the Federal Circuit's precedent in ***California Institute of Technology v Broadcom*** overturned established case law and replaced it with an expanded version of IPR estoppel rules. But the head-scratching part was that the circuit's wording seemed to go further than the language in the America Invents Act which created IPRs and their estoppel rules.

It did not take long for the Federal Circuit to issue a correction. On 22 February, the court issued an errata to its 4 February ruling, which struck some of its original wording and replaced it with narrower language.

"We take this opportunity to overrule *Shaw* and clarify that estoppel applies not just to claims and grounds asserted in the petition and instituted for consideration by the Board, but to ~~all claims and grounds not in the IPR but which reasonably could have been included~~ all grounds not stated in the petition but which reasonably could have been asserted against the claims included in the petition," the errata corrected.

Apple and Broadcom had attacked the patents-in-suit in district court using prior art that they already knew about back when they filed IPRs. Because they reasonably could have asserted those grounds in the IPRs, the Federal Circuit ruled that the trial judge was correct in finding that estoppel barred those challenges in court.

Although the circuit upheld a Los Angeles jury finding that the defendants had infringed two of the California Institute of Technology's Wi-Fi-related patents, it described the original award as "legally unsupportable" and ordered a new damages trial, as well as another look at whether a third patent had been infringed in the first place.

PTAB practitioners noted it is not too common for the Federal Circuit to issue corrections to precedential rulings, let alone do it so quickly.

“I think this particular errata was something that was important for the court to get it out quickly,” says Kevin McNish, managing member of McNish in Maine. “The language in the original opinion about IPR estoppel applying to ‘all grounds and claims not in the IPR but which reasonably could be included’ would have marked an expansion of IPR estoppel to include unchallenged claims. Most practitioners, including myself, were surprised to see that, because the estoppel statute refers to an *inter partes* review of a claim – in other words, claim-by-claim.”

He adds that even with the narrowing language in the correction, the Caltech precedent is still a very impactful legal change to IPR estoppel.

“It resolved a district court split about whether non-petitioned grounds were subject to IPR estoppel,” McNish explains. “We did get clarification.”

Jones Day partner Matt Johnson and associate Ana Teixeira explained more about the lower court split in a [Lexology article](#):

Lower courts had disagreed on how broadly the estoppel provision should be construed. Some courts had interpreted estoppel as precluding petitioners from later asserting any grounds that could have been raised in the petition, while others had considered estoppel more narrowly, as applying only those grounds actually at issue in the IPR.

The split dates back to the times of partial institution by the PTAB. When the PTAB could institute an IPR on less than all grounds asserted by the petitioner, a petitioner could identify and raise invalidity contentions which, through no fault of the petitioner, were never addressed by the PTAB. ...

In Shaw Industries Group v. Automated Creel Systems ... the Federal Circuit held that estoppel did not prevent a petitioner from litigating those grounds that were petitioned for, but that the PTAB declined to institute.

The corrected wording is true to the statute and still represents an expansion of IPR estoppel compared to the now-overturned *Shaw* precedent, says McKool Smith principal John Campbell of Austin, Texas.

“Under the law as it was before, under *Shaw*, there was virtually no estoppel,” Campbell says. “It is a rare and good ruling for inventors.”

He adds that the court’s quickly issued correction will help parties avoid litigation that would have fought over the language in the original ruling.

“In terms of what the statute says, this is the right way to phrase it,” he says about the errata. “What the Federal Circuit originally said could have been read to suggest it was on a patent-by-patent basis, rather than a claim-by-claim basis.”

Dennis Crouch, a professor at the University of Missouri School of Law who authors the Patently-O blog, had quickly pointed out [the discrepancy between the original ruling and the statute](#). He next wrote that the [errata opinion](#) will probably save at least \$1 million in legal fees from lawyers arguing over the issue in cases across the US.

But there is still more litigation to come regarding other issues surrounding IPR estoppel that did not come up in this dispute.

“Going forward there will be a next step in litigating the scope of 315(2) estoppel — will the estoppel apply to claims that are patentably indistinct from those challenged? In addition, we can recognize that issue preclusion (collateral estoppel) may also begin to apply more rigorously in the cross-tribunal context,” Crouch wrote.

Documents

[Caltech v Broadcom errata](#)



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