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Flood of Patent Challenge Suits Averted by Court Opinion Recast

By Samantha Handler

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- Estoppel rule applies to challenged patent claims
- Errata continues to expand rule past precedent

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Flood of Patent Challenge Suits Averted by Court Opinion Recast

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The Federal Circuit prevented a spate of litigation when it revised a precedential opinion to show it didn't aim to make a drastic change in law governing when patent challengers can make certain arguments in district courts, attorneys said.

In tossing the California Institute of Technology's billion-dollar patent award against Apple Inc. and Broadcom Inc., the U.S. Court of Appeals for the Federal Circuit at first said that after a final inter partes review decision by the Patent Trial and Appeal Board, challengers can't raise any arguments in district court that they decided not to raise at the board.

The implication was that that bar, know as inter partes review estoppel, applied to all the claims in a challenged patent. That would have required challengers to attack entire patents in order to contest any part of them.

The court reined in that language in a Feb. 22 errata, making clear estoppel applies only to specific claims in a patent that were actually challenged.

If taken literally, the original opinion would have been a substantial change to IPR practice, Christopher D. Bright, a Snell & Wilmer partner, said.

There were already some filings that followed the decision, patent attorneys said. Some companies were initially concerned that the ruling would lead to rehearing requests in cases already decided, attorneys said.

Attorneys were concerned that the "loose" language might be taken out of context, said Christina Ondrick, a principal at McKool Smith's intellectual property litigation group.

The errata showed that the Federal Circuit didn't intend to make such a drastic move on unchallenged claims, Bright said.

Future disputes will center on whether grounds reasonably could have been raised against challenged claims in a petition.

"There's still room left to fight about that, with regard to whether the information is reasonably available to support additional grounds at the time the petition was filed, and whether that information could have reasonably been raised with respect to patents or printed publications," Bright said.

The issue would have bubbled up because many companies saw the original language and were concerned about it, Eugene Goryunov, a Haynes and Boone LLP partner, said. "It's really helpful that the court observed that, caught that issue, and corrected it before this situation went above and beyond what it should have," he said.

Future Battles

The enduring portion of the original opinion overruled the Federal Circuit's 2016 decision in *Shaw Industries Group Inc. v. Automated Creel Systems Inc.*, which said challengers can raise arguments in district court that the PTAB didn't consider during its proceeding.

With the errata, the CalTech decision helps clarify the scope of the estoppel, leaving only the question of whether an argument reasonably could have been raised during the IPR.

There is a question of what "could have been raised" means in context of the rule. That will have to be figured out based on how the rule is applied in specific cases, attorneys said.

"I expect future litigation challenging whether estoppel applies to claims that are patentably indistinct from the IPR challenged claims," Ondrick said. "In the short term, *CalTech* has already resulted in a slew of district court filings, thus providing district courts with additional guidance on pending disputes over IPR estoppel."

Goryunov said the revised opinion would reduce the number of requests for district courts to decide the scope of estoppel.

"The only thing the court is going to have to decide now is whether or not something could have been reasonably raised," Goryunov said. "That itself is not a clear-cut question, but at least it narrows down the scope of the dispute."

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