

Redundancy and Estoppel in Inter Partes Review

From the Experts

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With inter partes review (IPR), a party may challenge the validity of a patent by petitioning the U.S. Patent and Trademark Office for review of the claims based on one or more grounds of invalidity. The merits of the grounds are decided by the Patent Trial and Appeal Board (PTAB). IPRs are becoming a popular option for invalidating patents in an expeditious and cost-effective manner.

However, there is a catch. Petitioners should be mindful of the estoppel that attaches to any claim on which the PTAB reaches a final decision. After a final decision, the petitioner is barred from raising in a later civil action any argument it raised or “reasonably could have raised” in the IPR. 35 U.S.C. §§ 315(e).

The scope of estoppel has motivated petitioners to introduce numerous arguments under 35 U.S.C. §§ 102 and 103 (the only grounds that can be raised in an IPR). The PTAB, however, is tasked with resolving IPRs within 12 months. This timeline can conflict with petitioners’ attempts to pursue numerous grounds. Faced with multiple grounds of rejection against the same claims, the PTAB has introduced “redundancy” as a way to reduce the issues to be



considered. When the PTAB finds a proposed ground of invalidity in an IPR redundant in view of another ground, it simply declines to consider the redundant ground. The PTAB justifies such denials as necessary for the “just, speedy and inexpensive resolution of every proceeding.” See, e.g., *Illumina v. Trustees of Columbia Univ.* (May 10, 2013).

The PTAB has delineated two types of redundancy: vertical and horizontal.

Vertical redundancy applies to assertions that the same claim is obvious over one combination

of references, and that same combination in view of another reference (e.g., “A + B” and “A + B + C”). Petitioners use such variations to provide backup arguments. The PTAB suggests that a petitioner assert only the stronger ground.

Horizontal redundancy applies to citations of different primary references in different grounds against the same claim with “no meaningful distinction between them” (e.g., “A + C” and “B + C”). Here, the PTAB requires an explanation as to why one reference more closely

satisfies the claim limitation at issue in some respects than another reference, and vice versa.

To avoid a finding of redundancy, a petitioner may explain the differences between the grounds and why they do not overlap. The downside of doing this is that it may expose weaknesses in the grounds. Also, because the PTAB is looking to simplify cases, the distinctions may not be enough to prevent the exclusion of some grounds. Another option is to present potentially redundant grounds in separate petitions against the same patent. However, this adds significant expense.

No matter which approach is chosen, it may not be feasible to avoid a redundancy finding in all cases. Further, a question remains concerning what happens to the numerous redundant grounds that the PTAB has already declined to consider.

The concept of redundancy does not appear in the rules or statute (having been a PTAB case law creation), but may have substantive ramifications in later litigation. As noted, grounds that were raised or reasonably could have been raised in an IPR are subject to estoppel. However, should challenged claims survive the IPR, it is not yet clear whether estoppel attaches to the excluded redundant grounds. The patent owner could argue at trial that the petitioner had the opportunity to raise the redundant grounds by filing multiple petitions or by providing arguments distinguishing the grounds in a meaningful manner. With that view, the grounds reasonably could have been raised by the petitioner. The patent owner could also argue that grounds found to be redundant were in actuality raised and considered, in view of the PTAB's consideration of the base ground.

In response, the petitioner subject to estoppel could argue that although redundancy is intended to help administrative expediency,

it results in a substantive denial of the petitioner's statutory rights. The statute establishes that multiple grounds may be raised against a claim and that the IPR will be instituted if there is "a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition." 35 U.S.C. §§ 314(a), 312(a)(3). Nothing in the statute limits the number of grounds that may be raised. Furthermore, if, for instance, a ground precluded based on redundancy establishes a feature ultimately found to be lacking in an instituted ground, the petitioner would have a reasonable argument that the precluded ground was not actually redundant and estoppel should not attach.

Statements from the U.S. Court of Appeals for the Federal Circuit concerning reexamination may give ammunition to petitioners. In *Belkin International v. Kappos*, the Federal Circuit upheld the PTAB's finding that a challenger in an inter partes reexamination (not an IPR) had no statutory grounds to appeal a PTAB decision not to consider particular prior art references raised by the challenger. Dicta in the opinion suggests that, in a later litigation, estoppel may not attach to the application of a reference not considered by the PTAB because there was no final decision on the issue. By statute, IPR estoppel only attaches with a final written decision from the PTAB.

Also, estoppel resulting from an IPR has been considered an issue of collateral estoppel. *Personal Audio v. Togi Entertainment, et al.*, (N.D.Cal. March 31, 2014). Collateral estoppel requires that the previously decided issue be identical to the one being raised in the litigation and that the party had a full and fair opportunity to litigate the issue in the previous proceeding. *In re Freeman* (Fed.

Cir.1994). Thus, part of the analysis will consider whether or not a redundancy finding precludes a fair opportunity to argue the proposed ground of rejection. The answer to that question, however, must be considered against the qualifying "reasonably could have raised" language of the statute.

Ultimately, practitioners will need to wait until the Federal Circuit is presented with this issue. In the meantime, a practical question facing an unsuccessful petitioner is whether it will have any luck convincing the district court on the merits of the redundant ground, if it could not convince the PTAB to find invalidity based on the primary ground.

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