

# Lessons In Navigating Collateral Estoppel Of Similar Patents

By **Rubén Muñoz, Jason Weil and Karina Moy** (January 8, 2024)

Companies that own patents asserted in litigation often own portfolios of related patents. As a result, patents in a given portfolio may be challenged in a series of separate inter partes review proceedings, but not always at the same time.

Multiple challenges may lead to multiple final written decisions that address similar — or the same — issues.

Thus, it is important to understand how the Patent Trial and Appeal Board's findings in one proceeding may affect subsequent proceedings of related patents.

In a recent inter partes review, the board reversed course, after initially denying institution, because of contradictory findings in a previous IPR of a related patent.

Applying general principles of collateral estoppel — i.e., issue preclusion — the board concluded that one of the prior art references did in fact disclose a certain claim limitation and granted institution. How the board reached its conclusion offers important lessons for practitioners.

In the Sept. 18 *Google LLC v. Parus Holdings Inc.* decision, the board initially found that a certain reference failed to disclose a challenged claim limitation and denied institution.[1]

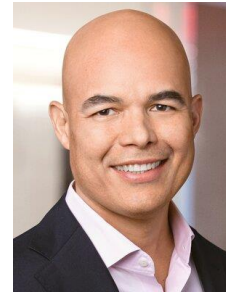
The petitioner filed a request for rehearing arguing that the board's findings directly contradicted the board's findings in a previous IPR, and that, if the art had been properly understood, institution should have been granted here.

The patent owner responded and agreed that the decisions were inconsistent, but argued that the prior final written decision was wrong, and that the board should maintain its denial of institution. Neither party raised collateral estoppel, focusing instead on the propriety of the institution decision in the face of the previous IPR.

After the parties had submitted their initial briefing on the petitioner's request for rehearing,[2] the Federal Circuit affirmed the board's final written decision in the previous IPR.[3]

The petitioner then filed a supplemental brief explaining that, in light of the Federal Circuit's affirmance, collateral estoppel should apply to the issue of whether the prior art disclosed the limitation in question.[4]

In response, the patent owner argued that the specific issue was not actually litigated in the first IPR. Instead, the patent owner had focused on attacking the petitioner's evidence for a different limitation that was found in all claims and on challenging the prior art status of the asserted reference.



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The board agreed with the petitioner that rehearing was appropriate. Applying the four-element test for collateral estoppel, the board agreed that collateral estoppel barred the patent owner from relitigating the issue of whether the prior art reference disclosed the relevant limitation.

First, the board found that the language of the claims in the patent-at-issue and the related patent was sufficiently similar such that the two IPRs concerned the same issue of whether the limitation was taught by the prior art.

Second, the board found that the issue was actually litigated in the first IPR.

Regardless of whether the patent owner introduced evidence or argument about the limitation in the first IPR, the limitation was raised by the petitioner and had to be decided in the petitioner's favor for the board to find the claims unpatentable.

Third, the issue of whether the limitation was present in the reference was essential to the final judgment of unpatentability in the first IPR. Fourth, the board found that the patent owner had a full and fair opportunity to litigate the issue in the first IPR. According to the board, the patent owner's failure to address the issue in either its response or its sur-reply did not suggest otherwise.[5]

Upon finding that collateral estoppel applied, the board declined to consider the patent owner's arguments as to why a combination including the prior art reference in question did not render obvious the claims of the patent-at-issue.

According to the board, the petitioner had established a reasonable likelihood of showing that at least one challenged claim of the patent-at-issue was unpatentable, warranting institution of IPR.

The board's ultimate institution of IPR here provides several lessons to patent practitioners. As a starting point, it is well established that collateral estoppel applies to IPR proceedings.[6]

Thus, in any given proceeding, a party should consider making arguments and preserving positions on which it may need to rely in subsequent proceedings.

These considerations are especially germane to patent owners who may have large patent portfolios containing families of related patents covering common subject matter, and whose arguments in support of the patentability of claims of one patent may relate to arguments it may wish to make in subsequent proceedings.

This is also particularly relevant where, as here, certain limitations appearing in dependent claims in one patent appear as independent claim limitations in a related patent.

As the board found here, the relevant issue will have been actually litigated so long as it was raised and decided in the previous IPR, regardless of whether a patent owner presented arguments specific to that issue.[7]

As such, despite the space constraints of an IPR, a patent owner should consider developing arguments fully for dependent claim limitations in a given proceeding. This approach may help minimize the risk of being estopped from making those arguments when the same limitations appear in any claims of a related patent in a subsequent proceeding.

If a patent owner finds itself in a situation where an issue has already been actually litigated in a first IPR, it may need to stress the differences between the claims challenged in the first IPR and those challenged in a subsequent IPR to avoid collateral estoppel. That is, the patent owner should explain why the identical issue was not actually decided.

However, as evidenced by the the Federal Circuit's 2022 Google LLC v. Hammond Development International, Inc. decision, such arguments need to be well supported to be successful.[8] In that case, the parties disputed whether a combination of prior art references that rendered obvious claims of one patent also rendered obvious claims of a related patent, when the claim language varied slightly between the related patents.

The Federal Circuit concluded that the differences in claim language did not materially alter the question of patentability, and therefore the first prong of collateral estoppel — identity of issues — was satisfied. Although patent owners might not initially persuade the board at the institution stage that two IPRs involve different issues, patent owners should consider whether a more fulsome record can be developed at the trial stage of a proceeding in support of such an argument.

Additionally, as opposed to a district court judgment, which may have an immediate preclusive effect, even while an appeal is pending,[9] the board's prior decisions do not have a preclusive effect until they are affirmed on appeal or the time to appeal has passed.[10]

Thus, although these types of collateral estoppel arguments may not ripen until later in a proceeding, practitioners should anticipate them.

Finally, if collateral estoppel applies, or will apply after an appeal is decided (or the time for appeal is exhausted), there is little benefit to arguing that the previous IPR was wrongly decided.

Application of collateral estoppel does not include any reevaluation of the merits of the previous decision; if the issue was previously decided against a party, the party is estopped from relitigating it in the current case.

Moreover, in a subsequent IPR the board has no authority, and likely no desire, to reconsider its final written decision in a previous IPR, which, by the time collateral estoppel potentially applies, may have been affirmed by the Federal Circuit.

In sum, parties must consider their entire portfolio, or the portfolio of their adversary, as they develop their arguments in an IPR and be sure to make their best arguments for any issue that could arise in a later proceeding.

And if a party does find itself addressing the effect of a previous IPR where an issue was actually litigated — i.e., where collateral estoppel already applies, or could at some point apply — the party should focus on distinguishing the issues, with supporting evidence, rather than arguing that the previous case was incorrectly decided.

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[1] Google LLC v. Parus Holdings, Inc., IPR2022-00279, Paper 16 (P.T.A.B. Sept. 18, 2023).

[2] The initial briefing on the petitioner's request for rehearing was completed on May 30, 2023. Google LLC v. Parus Holdings, Inc., IPR2022-00279, Paper 12 (P.T.A.B. May 30, 2023).

[3] Parus Holdings, Inc. v. Google LLC, 70 F.4th 1365 (Fed. Cir. 2023) (decided June 12, 2023).

[4] The petitioner filed supplemental briefing on August 24, 2023. Google LLC v. Parus Holdings, Inc., IPR2022-00279, Paper 13 (P.T.A.B. Aug. 24, 2023).

[5] Parus, IPR2022-00279, Paper 16 at 19–20.

[6] Google LLC v. Hammond Dev. Int'l, Inc., 54 F.4th 1377, 1381 (Fed. Cir. 2022).

[7] Parus, IPR2022-00279, Paper 16 at 18–19 (citing Nichols & Co. v. United States, 586 F.2d 826, 829 (C.C.P.A. 1978) ("[A]n issue is actually litigated for purposes of collateral estoppel even though the determination is based on a failure of proof."); Peck v. Comm'r of Internal Revenue, 904 F.2d 525, 530 (9th Cir. 1990) ("If [the party's] case was not effectively presented at the first trial it was their fault; affording them a second opportunity in which to litigate the matter, with the benefit of hindsight, would contravene the very principles upon which collateral estoppel is based and should not be allowed.") (quoting Jones v. United States, 466 F.2d 131, 136 (10th Cir. 1972))).

[8] See Hammond, 54 F.4th at 1381–82.

[9] Uniloc USA, Inc. v. Motorola Mobility LLC, 52 F.4th 1340, 1347–48 (Fed. Cir. 2022) ("To be sure, collateral estoppel can be applied based on a district court decision that is still pending on appeal, and we have affirmed the application of issue preclusion even when the preclusive judgment was pending appeal.") (citing Pharmacia & Upjohn Co. v. Mylan Pharms., Inc., 170 F.3d 1373, 1380–81 (Fed. Cir. 1991)).

[10] XY, LLC v. Trans Ova Genetics, 890 F.3d 1282, 1294 (Fed. Cir. 2018) ("[W]e find that an affirmance of an invalidity finding, whether from a district court or the Board, has a collateral estoppel effect on all pending or co-pending actions."); see also United Therapeutics Corp. v. Liquidia Techs., Inc., 74 F.4th 1360, 1372 (Fed. Cir. 2023) ("[W]e have previously held that an IPR decision does not have collateral estoppel effect until that decision is affirmed or the parties waive their appeal rights.") (citing XY, 890 F.3d at 1294).