

## Estoppel: putting a stop to repeat offenders

29-06-2017

John Isacson



avigator photographer/ iStockphoto.com

**The case law surrounding estoppel in inter partes reviews is still being developed, but there is some useful guidance so far, says John Isacson of Perkins Coie.**

The 2011 America Invents Act (AIA) brought post-grant oppositions to the US patent system. These proceedings are referred to as inter partes review (IPR), post-grant review (PGR) and covered business method review (CBM). The desire was to create faster and less expensive alternative pathways for challenging patents using the US Patent and Trademark Office (USPTO) as the forum. The predecessor pathways of ex parte and inter partes reexamination were considered insufficient because these proceedings proved to be time-consuming and did not offer discovery.

There have been concerns that IPRs and PGRs can invite harassment of patent owners by third party petitioners through the submission of serial petitions for review. In order to prevent serial filings by petitioners, both IPRs and PGRs have estoppel provisions that pertain to subsequent actions in the USPTO, the courts and the US International Trade Commission (ITC). As a balance to the estoppel, dissatisfied IPR and PGR petitioners have a statutory right to appeal to the US Court of Appeals for the Federal Circuit under 35 USC §141(c).

### **Current status of the estoppels**

The estoppels in IPRs are governed by 35 USC §315(e) (1) and (2). These estoppels provide that following a final written decision, a petitioner in the IPR may not assert in subsequent USPTO, court and ITC actions “any ground that petitioner raised or reasonably could have raised during that inter partes review.”

PGR estoppels are governed by 35 USC §325(e) and contain the same aforementioned rule as IPRs.

The “reasonably could have raised” statutory language can lend itself to a broad scope afforded to the estoppel. Indeed, former USPTO Director David Kappos testified on the apparent breadth of the estoppel during the AIA hearings:

“If I can say that in my own words also, that I believe there are significant advantages for patentees who successfully go through the post-grant system—in this case inter partes review—because of those estoppel provisions. Those estoppel provisions mean that your patent is largely unchallengeable by the same party.”

The precise contours of the statutory estoppels are still subject to judicial interpretation, particularly the “reasonably could have raised” provisions in view of the Federal Circuit decision in *Shaw Industries Group v Automated Creel Systems*, 817 F.3d 1293 (Fed. Cir. 2016).

“There is an important caveat to applying an estoppel: the party estopped must have had a “full and fair opportunity to litigate”

In *Shaw*, the court held that an IPR petitioner does not face an estoppel against a proposed ground when the USPTO declines to institute an IPR on that proposed ground. The district courts have been split in their interpretation of *Shaw*—some courts take a broad reading of *Shaw* and apply the estoppel only where the grounds are both raised in a petition and instituted, and other courts have read *Shaw* narrowly and apply the estoppel to grounds that were raised and instituted or could have been raised in a petition (*Cobalt Boats v Sea Ray Boats No. 2:15cv21 at 5 [E.D. VA, June 5, 2017]*).

## **Will federal jurisdiction diminish the estoppel?**

Early this year, the Federal Circuit issued its decision in *Phigenix v ImmunoGen* 845 F.3d 1168 (Fed. Cir. 2017). ImmunoGen was the assignee of a patent that was exclusively licensed to Genentech, and related to Genentech's product Kadcyra (trastuzumab emtanzine), a metastatic breast cancer treatment. Phigenix owned a patent that it sought to license to Genentech, and as part of its overall enforcement strategy, Phigenix filed an IPR against the ImmunoGen patent licensed to Genentech. Phigenix was unsuccessful as the USPTO found the ImmunoGen patent claims to be non-obvious (id at 1170).

Phigenix sought to appeal against the IPR decision to the Federal Circuit. ImmunoGen filed a motion to dismiss the appeal on the grounds that Phigenix lacked article III standing required by the US Constitution. Federal courts can hear cases only where there is a case or controversy. The Federal Circuit held that it lacked article III jurisdiction because Phigenix did not establish that the IPR decision resulted in an "injury in fact" to Phigenix, and thus there was no case or controversy (id at 1173-74).

Although 35 USC §141(c) provided a statutory basis for appeal, it was insufficient to provide constitutional standing to Phigenix (id at 1175). Other arguments presented by Phigenix, including the possibility of an estoppel, were considered insufficient to establish an injury in fact for article III standing purposes (id).

What was not before the Federal Circuit was the effect of the dismissal on the estoppels. The seminal Supreme Court cases on estoppels are *Blonder-Tongue Laboratories v Univ. of Illinois*, 402 US 313 (1971) and *Parklane Hosiery v Shore*, 439 US 322 (1979). In both decisions, the Supreme Court reasoned that estoppel prevents the re-litigation of issues (*Parklane Hosiery*, 439 US at 327; *BlonderTongue*, 402 US 328-29).

However, there is an important caveat to applying an estoppel: the party estopped must have had a "full and fair opportunity to litigate" (*Parklane Hosiery*, 439 US at 328; *Blonder-Tongue*, 402 US 328-29).

If the Federal Circuit applies the holding of *Phigenix* to all IPRs where there is not a concurrent patent litigation, unsuccessful petitioners will likely have no right to appeal, absent another type of injurious circumstance that creates standing. While not having a right to appeal is usually undesirable, there may be an upside in that the estoppel, particularly under 35 USC §315(e) (2), may not be applicable because the opportunity to litigate would not be full and fair in the absence of a right to appeal to a court.

In other words, no right to appeal, no subsequent estoppel, at least in the courtroom. Further case law development will be needed to determine whether this scenario actually occurs.

The views and opinions expressed herein are solely those of the author, and cannot be attributed to Perkins Coie or its clients.

John Isacson is a partner at Perkins Coie. He can be contacted at: [JIsacson@perkinscoie.com](mailto:JIsacson@perkinscoie.com)