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# THE SEDONA CONFERENCE

## *Commentary on the Evolving Relationship Between Federal Courts and Administrative Agencies*

A Project of The Sedona Conference  
Working Group on Patent Litigation  
Best Practices (WG10)



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Table of Contents

Principles for the Relationship Between Federal Courts and Administrative Agencies “At a Glance” 6

I.	Introduction .....	7
II.	Stays of Litigation .....	8
	A. Considerations for motions to stay.....	8
	1. Considerations regarding similarity of issues between forums .....	9
	2. Considerations regarding timing of stay requests .....	11
	3. Considerations regarding undue prejudice.....	14
	B. Impact of <i>SAS</i> and application of <i>Phillips</i> claim construction standard in PTAB proceedings on motions to stay.....	15
	1. Impact of the <i>SAS</i> decision on district court stays of litigation.....	16
	2. Impact of application of <i>Phillips</i> claim construction standard to district court stays of litigation .....	16
	C. Analysis of recent decisions and trends in motions to stay .....	17
	D. Considerations for lifting a motion to stay .....	19
	1. Appeals from PTAB or ITC .....	19
	2. Subsequent requests for reexamination or other post-grant challenges .....	20
III.	Accelerated and Conflicting Trial Scheduling .....	22
	A. Analysis of rules AND standing orders .....	22
	1. District of Delaware.....	22
	2. Western District of Texas.....	22
	3. Eastern District of Texas.....	23
	4. California Districts.....	24
	5. ITC .....	25
	6. PTAB.....	25
	B. Analysis of recent trends in patent case filings at district courts and the ITC.....	26
	1. Benefits to patent owners in the ITC vs. district court.....	26
	2. Benefits to accused infringers in the ITC vs. district court.....	27
	C. Effect of recent trends affecting trial scheduling at the PTAB.....	27
	1. Timing considerations between district court litigation and PTAB filings .....	27
	2. Claim construction considerations .....	29
	3. Risk of inconsistent judgments .....	29

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4.	Discretionary	
	denials of institution at the PTAB in view of the timing of parallel district court or ITC proceedings.....	30
IV.	Estoppel.....	34
A.	Estoppel at the PTAB.....	34
1.	Standards for estoppel .....	34
2.	Estoppel and RPI .....	35
B.	PTAB estoppel applied in federal courts .....	35
1.	Interpretation of the “raised or reasonably could have raised” standard .....	35
2.	Analysis of recent rulings regarding estoppel flowing from the PTAB .....	41
C.	Estoppel at the ITC.....	45
1.	ITC determinations of infringement, validity, and/or enforceability are for purposes of Section 337 only.....	45
2.	Interplay between ITC and IPR Proceedings.....	45
V.	Real Party-in-Interest and Privity .....	48
A.	Identifying real party-in-interest and privity.....	48
1.	Real party-in-interest.....	48
2.	Privity.....	49
3.	Defective real party-in-interest identifications.....	51
4.	Availability of appeal .....	51
5.	Recent decisions impacting RPI analysis .....	52
B.	Effect of parallel litigation on real party-in-interest and privity analysis .....	54
1.	Co-defendants / joint defense groups .....	54
2.	Customer/supplier, manufacturer/distributor, indemnification .....	55
VI.	Evidentiary Issues.....	56
A.	Presenting evidence from parallel proceedings at the PTAB.....	56
1.	Benefits and risks of presenting evidence from parallel proceedings.....	56
2.	Types of evidence.....	58
3.	Presenting evidence from a parallel district court case at the PTAB.....	60
4.	Presenting evidence from a parallel ITC Investigation at the PTAB.....	60
B.	Protecting confidentiality of evidence submitted to the ptab.....	61
1.	Default protective order (Nov. 2019 Trial Practice Guide, Appendix B).....	62

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2.	Modifications and alternatives to the default protective order.....	62
3.	Termination of a PTAB proceeding.....	62
C.	Presenting evidence (or rulings) from the PTAB in other proceedings.....	64
1.	Using evidence, rulings, or arguments from the PTAB in federal courts .....	64
2.	Using evidence, rulings, or arguments from the PTAB in the ITC .....	65
VII.	Appeals, Standing, and Availability of Appeal .....	67
A.	Appeals to the federal circuit generally .....	67
1.	Decisions reviewed under the APA.....	67
2.	“Substantial evidence” standard .....	68
3.	<i>De novo</i> review of legal issues .....	68
4.	Mandamus.....	69
B.	Appeals originating from the PTAB.....	69
1.	Article III standing .....	69
2.	Nonappealable issues.....	74

# *Principles for the Relationship Between Federal Courts and Administrative Agencies “At a Glance”*

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[Proposed] Principle No. 1 – The parties, administrative agencies, and federal courts should take steps so that parallel proceedings are just, speedy, not non-duplicative.

[Proposed] Principle No. 2 – Parallel administrative or federal court proceedings addressing the same subject matter should generally avoid inconsistent treatment of common issues of law or fact absent written justification for such inconsistent treatment—*i.e.*, the substantive outcome on the same issue of law or fact generally should not depend on which body conducts the proceeding.

[Proposed] Principle No. 3 – Parties to parallel administrative proceedings should be afforded a fair opportunity to present appropriate evidence and argument during the proceedings.

## *I. Introduction*

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The WG10 Commentary on the Evolving Relationship Between Federal Courts and Administrative Agencies explores issues that arise from related proceedings in Federal District and Appellate Courts, before the U.S. Patent and Trademark Office's Patent Trial and Appeal Board (PTAB), and Section 337 investigations at the International Trade Commission (ITC). This Commentary focuses on issues including stays of litigation, accelerated and conflicting trial scheduling, estoppel, ANDA provisions, standing, and availability of judicial review.

For example, regarding stays, district courts and the ITC consider whether or when to grant stays due to parallel post-grant challenges filed at the PTAB, often with drastically different approaches. Accelerated trial scheduling has further complicated this question on both sides—in certain district courts and the ITC, trial dates are approaching the same 18-month timeline as PTAB proceedings, leading to an increased risk of conflicting outcomes between proceedings when they proceed in parallel; in the PTAB, challenges that would otherwise be timely are being denied due to quickly approaching trial dates. Regarding estoppel, courts are still addressing the contours of how estoppel flows from prior challenges at the PTAB to related district court litigation (nearly a decade after the enactment of the 2011 America Invents Act).

The primary focus of the WG10 team is to develop Principles and Best Practices that litigants and judges should consider. The objectives of this effort are to help these bodies avoid conflict, move the law, and harmonize the litigation process. For each issue addressed, best practices will be proposed to navigate the existing (and evolving) rules and law, and to promote more efficient resolution of patent disputes.

## *II. Stays of Litigation*

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An accused infringer often petitions the PTAB for post-grant review (PGR) or *inter partes* review (IPRs) after a patent infringement action is brought in a district court. Frequently, that petitioner then files a motion to stay the district court litigation pending the outcome of the post-grant proceeding. This section describes the relevant factors for courts to consider when weighing stay determinations, though each case's facts differ.

### **A. CONSIDERATIONS FOR MOTIONS TO STAY**

The standard for deciding whether to stay district court litigation in view of a parallel PGR or IPR proceeding is derived from decisional law stemming from the courts' power to control their own dockets, particularly in the context of parallel USPTO reexamination proceedings. Courts typically consider the following:

- (1) whether a stay will simplify issues at trial,
- (2) whether discovery is complete and a trial date is set, and
- (3) whether a stay will unduly prejudice the non-moving party.

The ITC considers requests to stay an ITC investigation based on a pending IPR under the same criteria as it has used for other USPTO proceedings, such as reexaminations. Those factors include:

- (1) the state of discovery and the hearing date in the ITC case;
- (2) whether a stay will simplify the issues and hearing;
- (3) undue prejudice to any party;
- (4) the stage of the PTAB proceedings; and
- (5) the efficient use of Commission resources.<sup>1</sup>

The ITC has historically denied stay requests based on pending IPRs,<sup>2</sup> and has generally denied motions to stay or suspend its remedy orders based on final PTAB determinations of invalidity where such determinations were subject to judicial review.<sup>3</sup>

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<sup>1</sup> See *In re Semiconductor Chips with Minimized Chip Package Size*, Inv. 337-TA-605, omm'n p. 2008 L 2223426 at \*4 (May 27, 2008).

<sup>2</sup> See, e.g., *Certain Laser-Driven Light Sources, Subsystems Containing Laser-Drive Light Sources, and Products Containing Same*, Inv. No. 337-TA-983, Order No. 8 (Mar. 3, 2016) (denying stay based on pending IPRs on, among other grounds, that the IPRs would not streamline the investigation because additional invalidity issues were raised in the ITC proceeding).

<sup>3</sup> See e.g., *Certain Network Devices, Related Software and Components Thereof (II)*, Inv. No. 337-TA-945, omm'n Order Denying Motion for Stay of Remedial Orders Pending Appeal (Nov. 3, 2017). In certain investigations, however, where the final decision issued before the Commission's remedy orders and the relevant patent claims were determined to be invalid, the Commission has exercised its discretion to suspend a portion of an exclusion order. See *Certain Magnetic Tape Cartridges and Components Thereof*,

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## 1. Considerations regarding similarity of issues between forums

### a. Simplification of issues

In district court litigation, the PTAB's final written decision can create broad estoppel, affecting the first prong of stay consideration—simplification of the issues.<sup>4</sup> After IPR and PGR proceedings, parties and their real parties-in-interest are estopped from raising any defense that was, or reasonably could have been, raised before the PTAB.<sup>5</sup>

Parties seeking a stay should be prepared to demonstrate a stay will simplify the district court litigation through estoppel. The court should also consider any remaining claims and defenses and whether a partial stay would be appropriate.

### b. Challenging asserted claims

The first consideration of the stay analysis—simplification of the issues—is most likely to be satisfied where most or all of the asserted claims are credibly at risk.<sup>6</sup> In *VirtualAgility*, which concerned a stay during CBM proceedings, the Federal Circuit noted that “the PTAB expressly determined that *all* of the claims are more likely than not unpatentable.”<sup>7</sup> The court accordingly stated that:

[t]he simplification argument would be stronger if all of the prior art or relevant invalidity issues were in the CBM review, as this would entirely eliminate the trial court's need to consider validity in the event that some claims survive CBM review. In this case, however, where CBM review has been granted on all claims of the only patent at issue, the simplification factor weighs heavily in favor of the stay. If [petitioner] is successful, and the PTAB has concluded that it “more likely than not” will be, then there would be no need for the district court to consider the other two prior art references.

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Inv. No. 337-TA-1058, omm'n Op. at 62-63 (Apr. 9, 2019); Certain Three Dimensional Cinema Systems and Components Thereof, Inv. No. 337-TA-939, omm'n p. at 60-61 (Aug. 23, 2016).

<sup>4</sup> Upon institution, a PTAB final written decision on patentability will likely issue, unless there is an early settlement.

<sup>5</sup> 35 U.S.C. §§ 315(e), 325(e).

<sup>6</sup> See *Neste Oil Oyj v. Dynamic Fuels, LLC*, No. 12-662-GMS, 2013 WL 424754, at \*2, \*4-5 (D. Del. Jan. 31, 2013) (granting stay because “there remains the possibility that, rather than ruling in [plaintiff's] favor, the PTO will cancel all the claims before it..... [T]here is reason to believe that the PTO's reexamination will result in the cancellation of at least some of the claims.”).

<sup>7</sup> *VirtualAgility*, 759 F.3d at 1314; *but see* *Versata Software Inc. v. Callidus Software Inc.*, 771 F.3d 1368, 1371 (Fed. Cir. 2014) (stating that “[s]tays can be warranted even when a CBM proceeding does not address all asserted patents, claims, or invalidity defenses,” and finding that “a categorical rule” against staying “if any asserted claims are not also challenged in the CBM proceeding” would be “inappropriate”), *vacated as moot based on settlement*, 780 F.3d 1134 (Fed. Cir. 2015).



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This would not just reduce the burden of litigation on the parties and the court—it would entirely eliminate it.<sup>8</sup>

Conversely, if parties file PTAB petitions targeting only peripheral claims, or the PTAB refuses to institute review of the most central claims, it may weigh against a stay. The district court may also want to know how much the PTAB review will overlap with the co-pending case.

But parties should avoid discussing the underlying merits of PTAB challenges and instead focus on potential simplifications while bringing and opposing a motion to stay. In *VirtualAgility*, the Federal Circuit criticized the lower court for analyzing an opinion on the merits of a petition.<sup>102</sup> Yet, the Federal Circuit affirmed a trial court’s grant of stay in *Benefit Funding Systems LLC v. Advance America Cash Advance Centers Inc.*,<sup>9</sup> noting that “[t]he stay determination is not the time or the place to review the PTAB’s decisions to institute a CBM proceeding.”<sup>10</sup>

### c. Agreement by codefendants to limited estoppel

Creatively, courts have often sought codefendant agreement to limited forms of agreed-upon estoppel, conditioning stays on the agreement of non-petitioning parties to be estopped from asserting any invalidity defense actually raised and finally adjudicated in the PTAB proceedings.<sup>11</sup>

<sup>8</sup> *VirtualAgility*, 759 F.3d at 1314; *see also* *Benefit Funding Sys. LLC v. Advance Am. Cash Advance Ctrs. Inc.*, 767 F.3d 1383, 1387 (Fed. Cir. 2014) (“[T]here is a likelihood then that all of the asserted claims will be invalidated.”) (citation omitted).

<sup>9</sup> 767 F.3d 1383 (Fed. Cir. 2014).

<sup>10</sup> *Id.* at 1386 (quoting *VirtualAgility*, 759 F.3d at 1313).

<sup>11</sup> *See, e.g.*, *Semiconductor Energy Lab.*, No. SACV 12-21-JST, 2012 WL 7170593, at \*2 (C.D. Cal. Dec. 19, 2012) (granting stay because “[d]efendants who did not file the IPR petitions have agreed to be bound by the estoppel provisions of the IPR proceedings”); *see also* *Evolutionary Intelligence*, No. 5:13-cv-04513, 2014 WL 819277, at \*5–6 (N.D. Cal. Feb. 28, 2014) (conditionally granting a non-petitioner defendant’s motion to stay pending IPR contingent upon the defendant’s agreement to be subject to “weaker” statutory estoppel due to the defendant’s noninvolvement with the IPR proceedings, stating “[b]ecause [defendant] is not one of the IPR petitioners, [it] would not be precluded under 35 U.S.C. § 315(e)(2) from reasserting invalidity contentions rejected by the PTO ..... If [defendant] and IPR petitioners communicate on strategy, [defendant] should be bound by the full statutory estoppel provision. If, however, [defendant] has no input on the IPR strategy, it should not be precluded from raising arguments that could have been raised in the IPR proceedings. At the hearing, [defendant] represented to the court that it did not assist the IPR petitioners with any prior art search, that it took no part in drafting the IPR petitions, and that it is not in communication with the IPR petitioners concerning the IPR. . . . [R]equiring [defendant] to submit to a weaker estoppel foreclosing it from relitigating claims made and finally determined in the IPR proceedings is necessary to effect the PTO’s interest in protecting the integrity of PTO proceedings and in preventing parties from having a ‘second bite at the apple.’ The court thus conditions the stay on [defendant’s] agreement to be estopped only from asserting any invalidity contention that was actually raised and finally adjudicated in the IPR proceedings.” (citation omitted)); *but see* *Personal Web Techs., LLC v. Google, Inc.*, 5:13-CV- 01317-EJD, 2014 WL 4100743, at \*5 (N.D. Cal. Aug. 20, 2014) (conditioning a third-party stay on the defendants’ agreement “to be bound as if they themselves had filed the relevant IPR petitions”).

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If fewer than all codefendants petition for PTAB proceedings or refuse to at least be bound by the results of what is actually raised and adjudicated, this may weigh against a stay of district court proceedings, as estoppel will affect fewer parties and will be less likely to simplify the issues.<sup>12</sup>

## 2. Considerations regarding timing of stay requests

### a. Institution at the PTAB weighs in favor of granting a stay

If a PTAB petition has been filed and instituted before the infringement complaint is served in the district court, the court may favor a stay until the PTAB process concludes.<sup>13</sup>

Parties should keep the court informed about important developments in parallel proceedings to aid the court's jurisdiction and mandate. Providing relevant, timely updates is not only a courtesy to the district court judge, but also a valuable source of information for managing ongoing interests. The court's inherent power to control cases on its docket includes modifying or lifting if it is no longer efficient or equitable.<sup>14</sup>

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<sup>12</sup> See *Semiconductor Energy Lab.*, 2012 WL 7170593, at \*2 (“The estoppel effect of *inter partes* review carries less weight when there are several defendants that are not parties to, and thus are not bound by, the estoppel effects of the proceeding.”); see also *e-Watch Inc. v. Avigilon Corp.*, No. 4:13-cv-000347, 2013 WL 6633936, at \*3 (S.D. Tex. Nov. 15, 2013) (order granting stay pending related IPR proceedings with the petitioner, but awaiting determination as to whether the petitioner should be estopped under § 315 of the Leahy-Smith America Invents Act from asserting any § 102/103 arguments that reasonably could have been raised by the petitioner, or estopped on only the grounds actually raised in the related IPR by the petitioner).

<sup>13</sup> *Polaris Indus., Inc. v. BRP U.S. Inc.*, No. Civ. 12-01405, 2012 WL 5331227, at \*2 (D. Minn. Oct. 29, 2012) (holding that first factor weighed in favor of the defendant because it filed for IPR one week prior to the plaintiff filing its complaint and because the IPR was already in progress).

<sup>14</sup> *Landis v. N. Am. Co.*, 299 U.S. 248, 254–55 (1936) (“[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants. How this can best be done calls for the exercise of judgment, which must weigh competing interests and maintain an even balance.”).

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**b. Pre-institution stay requests may weigh against a stay**

Courts have frequently denied stays prior to the actual institution of the USPTO proceeding, calling it speculative and premature,<sup>15</sup> and the Federal Circuit has observed that the case for a stay is stronger after post-grant review has been instituted.<sup>16</sup>

In some instances, a district court may deny a pre-institution motion to stay without prejudice so that the party may refile if the proceeding is instituted. Courts denying stays on this ground entirely—without prejudice to refile—often cite needless delay that might occur if the PTAB proceeding is not actually instituted after so many months of waiting (on average, 6 to 8 months after the initial filing of the PTAB petition is filed).<sup>17</sup>

**c. Claims challenged at the PTAB compared to those asserted in litigation**

*Fresenius* and *Versata* illustrate the relationship between district courts and USPTO proceedings conducted in parallel. The district court litigation was not stayed in *Fresenius*, yet the USPTO was faster in arriving at its final invalidity determination, finishing its review before the district court entered its final judgment making an earlier non-final determination of no invalidity final. According to the Federal Circuit majority in *Fresenius*, that intervening unpatentability decision at the USPTO—which cancelled all of the asserted patent’s claims—mooted the earlier non-final validity determination and the patentee’s cause of action.<sup>18</sup> In *Versata*, the Federal Circuit first sustained a

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<sup>15</sup> *Blue Calypso, Inc. v. Groupon, Inc.*, No. 6:12-cv-00486, slip op. at 4 (E.D. Tex. July 19, 2013) (order denying a motion for a stay as “premature” because the USPTO had yet to decide whether even to institute review); *Trs. of Bos. Univ. v. Everlight Elecs. Co.*, No. 12-cv-11935 (D. Mass. July 11, 2013) (order denying a motion for a stay without prejudice as premature since USPTO had not yet instituted review); *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1031–35 (C.D. Cal. 2013) (order denying stay where USPTO had yet to institute IPR review); *Automatic Mfg. Sys., Inc. v. Primera Tech., Inc.*, 2013 WL 1969247 (M.D. Fla. May 13, 2013) (same).

<sup>16</sup> *VirtualAgility, Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1315 (Fed. Cir. 2014) (*comparing* *Intertainer, Inc. v. Hulu, LLC*, No. 13-cv-5499, 2014 WL 466034, at \*1–2 (C.D. Cal. Jan. 24, 2014), *with* *Checkfree Corp. v. Metavante Corp.*, No. 3:12-cv-15, 2014 WL 466023, at \*1 (M.D. Fla. Jan. 17, 2014)).

<sup>17</sup> *Dane Techs., Inc. v. Gatekeeper Sys., Inc.*, No. 12-cv-02730-ADM, 2013 WL 4483355 (D. Minn. Aug. 20, 2013) (order denying stay prior to grant of the IPR review because the delay may have no perceivable benefit if USPTO declines review); *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, No. 3:11-cv-06391-SI (N.D. Cal. June 11, 2013), ECF No. 198 (order denying stay because as yet uninstituted USPTO review unlikely to simplify issues on a timely basis and finding it persuasive that the non-moving party would be severely prejudiced by a stay when there is no guarantee that the IPR requested would ever be granted); *Davol, Inc. v. Atrium Med. Corp.*, No. 12-958-GMS, 2013 U.S. Dist. LEXIS 84533 (D. Del. June 17, 2013) (order denying stay—even though the case featured *multiple* IPRs, *multiple* patents, and 200-plus claims included in the petition—in part because the USPTO had yet to institute review).

<sup>18</sup> *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330, 1347 (Fed. Cir. 2013) (“In light of the cancellation of Baxter’s remaining claims, Baxter no longer has a viable cause of action against Fresenius. Therefore, the pending litigation is moot.”), *cert. denied*, 134 S. Ct. 2295 (2014).

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\$391 million jury verdict of infringement, then in a separate appeal affirmed the PTAB's cancellation of the challenged claims. Yet, the Federal Circuit refused to overturn the prior jury award.<sup>19</sup> The distinction from *Fresenius* was that the district court judgment was final, through all appeals, before the Federal Circuit affirmed the PTAB's decision in the *Versata* case.

Staying a case will necessarily lengthen the district court's time to final disposition and be potentially subject to a PTAB intervening decision. Yet, denying a stay under certain circumstances could lead to a needless expenditure of district court resources if the PTAB reaches a final decision first, mooting the work of the trial court based on the result of the parallel proceeding. The Working Group recommends that when a post-grant proceeding would likely result in a cancellation of all claims at issue in the district court before a final judgment, then this fact should heavily favor granting a stay request.

#### **d. Requesting a stay as early as possible in the litigation**

The earlier parties request the stay, the more likely it will weigh favorably because fewer resources have been expended and there is a lower likelihood of gamesmanship.<sup>20</sup> Requesting stays late in the schedule may result in denial because “the economies that might otherwise flow from granting a stay early in a case are somewhat offset by the substantial resources already incurred by both parties and the Court in this litigation.”<sup>22</sup>

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<sup>19</sup> See *Versata Software, Inc. v. SAP America, Inc.*, No. 2:07-cv-00153, 2014 U.S. Dist. LEXIS 54640, at \*10 (E.D. Tex. Apr. 21, 2014) (denying motion to vacate jury verdict in view of CBM final written decision), *aff'd*, *Versata Computer Industry Solutions, Inc. v. SAP AG*, 564 F. App'x 600 (Fed. Cir. 2014) (affirmed while parallel CBM proceeding was still on appeal to the Federal Circuit).

<sup>20</sup>

<sup>21</sup> See *Robert Bosch Healthcare Sys., Inc. v. Cardiocom, LLC*, No. 5:12-3864-EJD, 2012 WL 6020012 (N.D. Cal. Dec. 3, 2012) (granting stay because very early and no discovery begun); *Pragmatius Telecom, LLC v. NETGEAR, Inc.*, No. 12-6198, 2013 WL 2051636, at \*2 (N.D. Cal. May 14, 2013) (stating that even though discovery had begun, it was not far advanced); *Neste Oil Oyj v. Dynamic Fuels, LLC*, No. 12-662-GMS, 2013 WL 424754, at \*2 (D. Del. Jan. 31, 2013) (granting stay where request was filed prior to any scheduling order and less than three months into the case); *cf. Semiconductor Energy Lab. Co. v. Chimei Innolux Corp.*, No. SACV 12-21-JST, 2012 U.S. Dist. LEXIS 186322, at \*4–5 (C.D. Cal. Dec. 19, 2012) (order granting stay despite being ten months into litigation, with trial date set and advanced discovery, because “there is more work ahead of the parties and the Court than behind the parties and the Court”); *Tierravision, Inc. v. Google, Inc.*, No. 11-cv-2170 DMS, 2012 U.S. Dist. LEXIS 21463, at \*5 (S.D. Cal. Feb. 21, 2012) (granting stay where *Markman* briefs were soon due and parties had exchanged proposed claim constructions).

<sup>22</sup> *SoftView LLC v. Apple Inc.*, No. 10-389-LPS, 2012 WL 3061027, at \*4 (D. Del. July 26, 2012) (holding that stage of litigation factor did not favor a stay because filed one year after litigation commenced); *see also* *Dane Techs., Inc. v. Gatekeeper Sys., Inc.*, No. 0:12-cv-02730-ADM, 2013 WL 4483355, at \*2 (D. Minn. Aug. 20, 2013) (order denying stay because the defendants waited seven months into litigation before seeking IPR); *Nat'l Oilwell Varco, L.P. v. Omron Oilfield & Marine, Inc.*, No. 1:12-cv-00773-SS, 2013 WL 6097571 (W.D. Tex. June 10, 2013) (order denying motions to stay); *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, No. 3:11-cv-06391-SI (N.D. Cal. June 11, 2013) (order denying motions to stay).

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### 3. Considerations regarding undue prejudice

#### a. Potential for loss of evidence may weigh against a stay

Courts consider whether prolonging the infringement decision will unduly prejudice the patentee, citing a potential loss of evidence.<sup>23</sup> The Federal Circuit, however, downplays this factor as insufficient without further evidence.<sup>24</sup> For instance, the Federal Circuit has observed that testimony can be preserved to minimize harm, in situations involving advanced age or poor health.<sup>25</sup>

PTAB review deadlines diminish concerns about evidence loss. These proceedings must be completed by statute within 12-18 months, unlike their predecessor reexaminations, which could take years to resolve.

#### b. Status of parties as competitors may weigh against a stay

Delay in patent infringement litigation may be particularly prejudicial when the parties are competitors in the market. Direct competition is a factor that courts consider when deciding whether to grant a stay.<sup>26</sup>

In *VirtualAgility*, the Federal Circuit found that evidence of direct competition must be clear, and it alone may not necessarily suffice to tip the scales in favor of a stay, partly because there, “[a] stay will not diminish the monetary damages to which [the patent owner] will be entitled if it succeeds in its infringement suit—it only delays realization of those damages and delays any potential injunctive

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<sup>23</sup> *Ambato Media, LLC v. Clarion Co.*, No. 2:09-cv-242-JRG, 2012 U.S. Dist. LEXIS 7558, at \*5 (E.D. Tex. Jan. 23, 2012) (“[W]hen a case is stayed, ‘witnesses may become unavailable, their memories may fade, and evidence may be lost while the PTO proceedings take place.’”) (citation omitted); *VirtualAgility, Inc. v. Salesforce.com, Inc.*, No. 2:13-cv-00011-JRG, 2014 U.S. Dist. LEXIS 2286, at \*24–25 (E.D. Tex. Jan. 8, 2014), *rev’d*, 759 F.3d 1307 (Fed. Cir. 2014) (“The possibility of witness loss is heightened in this case because certain identified witnesses are of an advanced age.”).

<sup>24</sup> *See* 759 F.3d at 1319.

<sup>25</sup> *Id.*

<sup>26</sup> *Davol, Inc. v. Atrium Med. Corp.*, No. 12-958-GMS, 2013 U.S. Dist. LEXIS 84533, at \*19 (D. Del. June 17, 2013) (denying stay and finding that “Davol will suffer undue prejudice should it be forced to continue competing with Atrium’s accused products without being permitted to advance its infringement claims”); *Avago Techs. Fiber IP (Singapore) Pte. Ltd. v. IPtronics Inc.*, No. 10-CV-02863-EJD, 2011 U.S. Dist. LEXIS 82665, at \*16 (N.D. Cal. July 28, 2011) (“Staying a case while [harm in the marketplace] is ongoing usually prejudices the patentee that seeks timely enforcement of its right to exclude.”); *Heraeus Electro-Nite Co. v. Vesuvius USA Corp.*, No. 09-2417, 2010 U.S. Dist. LEXIS 1887, at \*3 (E.D. Pa. Jan. 11, 2010) (“[C]ourts have been reluctant to grant stays where, as here, the parties are direct competitors.”); *see VirtualAgility, Inc. v. Salesforce.com, Inc.*, No. 2:13-cv-00011-JRG, 2014 U.S. Dist. LEXIS 2286, at \*18–20 (E.D. Tex. Jan. 9, 2014), *rev’d*, 759 F.3d 1307 (Fed. Cir. 2014) (“Given that the patentee ‘could lose market share—potentially permanently—during the stay, . . . while the alleged infringer continues to sell the competing products,’ such loss constitutes an irreparable injury not compensable by money damages.” (citation omitted)).



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remedy.”<sup>27</sup> Evidence that the parties are direct competitors generally weighs against granting a stay, but it is not dispositive.<sup>28</sup>

**c. Delays in the post-grant proceeding may weigh against a stay**

PTAB reviews are usually faster than district court litigation, with time limits of 12 to 18 months from institution (one year plus a possible six months for good cause, or as needed in the case of joinder). But pre-institution delay, joinder, optional rehearing periods, and appeal may extend the process. The average post-grant proceedings will not be fully resolved for two to three years, something the courts may consider in deciding whether to stay.

Courts note that “waiting for the administrative process to run its course” often “risks prolonging the final resolution of the dispute and thus may result in some inherent prejudice to the plaintiff.”<sup>29</sup> While this potential for delay “by itself” does not tend to establish undue prejudice, it remains an important consideration.<sup>30</sup>

**B. IMPACT OF SAS AND APPLICATION OF PHILLIPS CLAIM CONSTRUCTION STANDARD IN PTAB PROCEEDINGS ON MOTIONS TO STAY**

As outlined above, district courts consider several factors to determine whether to grant a stay including examining whether a stay will simplify the issues in the litigation.<sup>31</sup> In recent years, district court stay rates have increased significantly.<sup>32</sup> These increases are likely due in part to the all-or-

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<sup>27</sup> *VirtualAgility*, 759 F.3d at 1307, 1318–19.

<sup>28</sup> *Neste Oil Oyj v. Dynamic Fuels, LLC*, No. 12-662-GMS, 2013 WL 424754, at \*2 (D. Del. Jan. 31, 2013) (finding that “the potential for delay does not, by itself, establish *undue* prejudice,” and that concerns about direct competitiveness were not persuasive in that case); *Capriola Corp. v. LaRose Indus., LLC*, No. 8:12-cv-2346-T-23TBM, 2013 U.S. Dist. LEXIS 65754, at \*4–6 (M.D. Fla. Mar. 11, 2013) (staying litigation notwithstanding that the parties directly competed in the market).

<sup>29</sup> *See Market-Alerts Pty. Ltd. v. Bloomberg Fin. L.P.*, 922 F. Supp. 2d 486, 494 (D. Del. 2013).

<sup>30</sup> *Neste Oil*, 2013 WL 424754, at \*2 (finding that “the potential for delay does not, by itself, establish *undue* prejudice”); *VirtualAgility, Inc. v. Salesforce.com, Inc.*, No. 2:13-cv-00011-JRG, 2014 WL 94371, at \*7 (E.D. Tex. Jan. 9, 2014), *rev'd*, 759 F.3d 1307 (Fed. Cir. 2014).

<sup>31</sup> *See British Telecomms. PLC v. IAC*, No. 18-366-WCB, 2020 WL 5517283, at \*2-10 (D. Del. Sept. 11, 2020) (citing cases); *Cywee Group Ltd., v. Samsung Elecs. Co. Ltd.*, No. 2:17-cv-00140-WCB-RSP, 2019 WL 11023976, at \*2-10 (E.D. Tex. Feb. 14, 2019) (citing cases).

<sup>32</sup> *See* Forrest McClellan et al., *How Increased Stays Pending IPR May Affect Venue Choice*, Law360 (Nov. 15, 2019), available at <https://www.law360.com/articles/1220066/how-increased-stays-pending-ipr-may-affect-venue-choice>.

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nothing institution approach now required under the Supreme Court's decision in *SAS Institute v. Iancu*<sup>33</sup> and the PTAB's adoption of the *Phillips* standard<sup>34</sup> for claim construction.

## 1. Impact of the *SAS* decision on district court stays of litigation

After the Supreme Court's *SAS* decision in April 2018, all challenged claims and grounds must be addressed if the proceeding is instituted.<sup>35</sup> After *SAS*, courts have found that PTAB review may simplify the issues in litigation and therefore have granted stays.<sup>36</sup> Some district courts have gone further and relied on *SAS* to justify stays *before* institution of PTAB proceedings. For example, in *Wi-LAN, Inc. v. LG Elecs., Inc.*, the court explained that, “[w]hile review is not guaranteed and, therefore, the benefits of review are only speculative at this juncture, in light of the Supreme Court’s mandate to review all contested claims upon grant of IPR and the complexity of this case,” the potential for simplification of the issues “weighs in favor of a limited stay of proceedings until the PTO issues its decisions on whether to institute IPR.”<sup>37</sup>

Yet, not all courts have found the PTAB's binary approach to institution to favor stay following *SAS*. For example, in *Peloton Interactive, Inc. v. Flywheel Sports, Inc.*, the court reasoned that a stay was unlikely to simplify the issues because *SAS* “precluded the PTAB from instituting IPRs for only a portion of the patent claims, so any institution decision occurring after *SAS* provides a weaker inference that the PTAB will determine that all challenged claims are unpatentable.”<sup>38</sup>

## 2. Impact of application of *Phillips* claim construction standard to district court stays of litigation

In November 2018, the USPTO replaced the “broadest reasonable interpretation” standard previously applied at the PTAB with the *Phillips* standard.<sup>39</sup> This change, like *SAS*, has strengthened

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<sup>33</sup> 138 S. Ct. 1348 (2018).

<sup>34</sup> *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc).

<sup>35</sup> *SAS Inst.*, 138 S. Ct. at 1359.

<sup>36</sup> *Nichea Corp. v. Vizio, Inc.*, No. SACV 18-00362 AG (KESx), 2018 WL 2448098, at \*3 (C.D. Cal. May 21, 2018); *Zomm, LLC v. Apple Inc.*, 391 F. Supp. 3d 946, 957 (N.D. Cal. 2019); *RetailMeNot, Inc. v. Honey Sci. LLC*, No. 18-937-CFC-MPT, 2020 WL 373341, at \*3 (D. Del. Jan. 23, 2020) (emphasis in original); *PopSockets LLC v. Quest USA Corp.*, No. 17-CV-3653 (FB) (CLP), 2018 WL 5020172, at \*2-3 (E.D.N.Y. Sept. 12, 2018), *report and recommendation adopted*, No. 17-CV-3653 (FB) (CLP), 2018 WL 4660374 (E.D.N.Y. Sept. 28, 2018).

<sup>37</sup> No.: 3:17-cv-00358-BEN-MDD, 2018 WL 2392161, at \*2 (S.D. Cal. May 22, 2018); *see also* *Lund Motion Prods., Inc. v. T-Max Hangzou Tech. Co.*, No. SACV 17-01914-CJC-JPR, 2019 WL 116784, at \*2 (C.D. Cal. Jan. 2, 2019).

<sup>38</sup> No. 2:18-cv-00390-RWS-RSP, 2019 WL 3826051, at \*2 (E.D. Tex. Aug. 14, 2019).

<sup>39</sup> 37 C.F.R. § 42.100(b); Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 51,340 (Oct. 11, 2018).

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arguments for staying litigation pending completion of PTAB review.<sup>40</sup> For example, in *Russo Trading Co., Inc. v. Donnelly Distrib. LLC*, the court noted that the PTAB's claim construction would inform the analysis required in district court.<sup>41</sup>

In the pre-institution context, courts recognize that the potential for simplification still depends on whether the PTAB institutes review. For example, in *Uniloc USA Inc. v. LG Electronics U.S.A. Inc.*, the defendants argued that the PTAB's claim construction in IPR proceedings would be instructive, but the court explained that the benefit still hinges on the PTAB's decision to institute IPR.<sup>42</sup>

### C. ANALYSIS OF RECENT DECISIONS AND TRENDS IN MOTIONS TO STAY

Courts have recently stayed cases in view of *ex parte* reexaminations as follows:

- See, e.g., *AGIS Software Development LLC v. Google et al.*, Case 2:19-cv-00361-JRG, Dkt. 219 (E.D. Tex. Feb. 9, 2021) – granting defendants' motion to stay where the USPTO found substantial new questions of patentability as to each of the asserted claims in the patents-in-suit, even after discovery was complete, pretrial briefing submitted, and jury selection pending.
- See also *Ramot at Tel Aviv University Ltd. v. Cisco Systems, Inc.*, 2:19-cv-00225-JRG (E.D. Tex. 2019)
  - Ramot sued Cisco on three patents in June 2019—Cisco filed IPR petitions challenging the patents in November 2019 and January 2020. The PTAB denied the petitions under § 314(a), relying on the litigation's anticipated trial date in December 2020 as compared to the PTAB's statutory deadlines in May 2021 and August 2021. IPR2020-00122, Paper 15, pp. 7-8; IPR2020-00123, Paper 14, pp. 7-8; IPR2020-00484, Paper 10, pp. 7-8. But after denial, Cisco filed *Ex Parte* Reexaminations challenging validity of the patents in suit, and after reexamination was ordered, office actions issued rejecting all asserted claims. *Ramot*, Dkt. 235, pp. 1-3. Thus, the litigation court granted a stay pending resolution of the reexaminations in January 2021. *Id.* When the stay issued, trial had been delayed from December 2020 to March 2021.
- *Wi-LAN Inc. v. Huizhou TCL Mobile Comm'n Co., Ltd.*, No. 8:19-cv-00870, ECF No. 86 (C.D. Cal. Oct. 15, 2020) – stay remained in place where IPRs were denied, but *ex parte* reexam proceedings were still pending.
- Increased importance of the district court's decision to stay (or not to stay) on IPR proceedings

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<sup>40</sup> RetailMeNot, 2020 WL 373341, at \*3 (D. Del. Jan. 23, 2020) (“[T]he arguments for a stay pending institution and/or completion of an IPR have been *strengthened* by recent changes in the law: . . . claim construction undertaken by the [PTAB] is now conducted according to the same legal standards [district courts] must apply.” (emphasis in original)).

<sup>41</sup> No. 18-CV-1851-JPS, 2019 WL 1493228, at \*2 (E.D. Wis. Apr. 4, 2019).

<sup>42</sup> No. 18-cv-06737-JST, 2019 WL 1905161, at \*4 (N.D. Cal. Apr. 29, 2019).



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- *See Apple, Inc. v. Fintiv*, IPR2020-00019, Paper 15 at 7-8 (PTAB May 13, 2020) – i.e., whether a court decides to grant a stay can have a significant impact on the Board’s decision to institute a proceeding.
- The Federal Circuit has denied granting writs of mandamus regarding motions to stay
  - While the Federal Circuit has granted several writs of mandamus regarding motions to transfer in the Western District of Texas, it has similarly declined to do the same for motions to stay. *See In re Sand Revolution LLC*, No. 20-145, ECF No. 15 (Fed. Cir. Sept. 28, 2020) (Reyna, joined by Wallach and Chen). In *In re Sand Revolution*, the Federal Circuit denied a writ of mandamus on a post-institution motion for a stay pending IPR. Although the Court characterized the stay as cursory, the Court was “unable to say that the district court clearly overstepped its authority or that [Defendant] has shown a clear and indisputable right to a stay under the circumstances presented.”
- Courts remain split on granting stays in view of pre-institution IPRs
  - *Becon Medical, Ltd. v. Bartlett*, No. 18-4169, ECF No. 110 (E.D. Pa. Dec. 17, 2019) – pre-instituted stay denied
  - *QXMédical, LLC v. Vascular Solutions, LLC*, No. 17-cv-01969, ECF No. 194 (D. Minn. Dec. 26, 2019) – pre-instituted stay granted in view of third-party IPRs
  - *RetailMeNot, Inc. v. Honey Sci. LLC*, No. 1:18-cv-00937, ECF No. 218 (D. Del. Jan. 23, 2020) – stay granted prior to institution based on an office action in a co-pending continuation
  - *NCR Corp. v. Lighthouse Consulting Grp.*, No. 2:19-cv-00392-JRG, ECF No. 392 (E.D. Tex. Apr. 27, 2020) – unopposed pre-institution motion to stay denied without prejudice
  - *Epic Tech, LLC v. Pen-Tech Assocs., Inc.*, No. 1:20-cv-02428-MHC, ECF No. 22 (N.D. Ga. Sept. 28, 2020) – pre-institution stay granted due because IPR petition “was filed almost immediately,” no case events had occurred, and the stay would be short if the PTAB denied institution.
- When a defendant resists efforts to advance litigation, a Court may be less likely to grant a stay
  - *No Spill, Inc. v. Scepter Canada, Inc.*, No. 2:18-cv-02681, ECF No. 93 (D. Kan. March 31, 2020)
- Courts remain reluctant to lift stays, even when plaintiff contends to proceed on claims not-at-issue in post-grant proceedings, or when the Board states certain claims are unlikely to prevail at institution
  - *IOEngine, LLC v. PayPal Holdings, Inc.*, 1:18-cv-00452, ECF No. 128 (D. Del. Jan. 27, 2020) – institution decision holding certain claims unlikely to prevail did not justify lifting stay.
  - *Trusted Knight Corp. v. Int’l Bus. Machs. Corp.*, No. 3:19-cv-01206-EMC, ECF No. 112 (N.D. Cal. Aug. 31, 2020) – stay granted even when plaintiff alleged it would add asserted claims
- Whether all asserted claims are challenged, and the timing of the trial date, remain two important factors in obtaining a stay

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- *Oyster Optics, LLC v. Infinera Corp.*, No. 2:19-cv-0025, ECF No. 87 (E.D. Tex. July 17, 2020) – denying motion to stay where the FWD would fall after the trial date and will address less than all asserted claims.
- *Kerr Machine Co. v. Vulcan Indus. Holdings, LLC*, No. 6:20-cv-00200, Text Order (W.D. Tex. Aug. 2, 2020) – denying motion to stay because the trial will occur before the Board’s FWD.
- COVID-19 related delays favor granting motions to stay, but has not been dispositive
  - *DivX, LLC v. Netflix, Inc.*, No. 2:19-cv-01602 (C.D. Cal. May 11, 2020) – granting stay pre-institution and considering COVID-19 as part of the “stage of proceedings” analysis
  - *Sherwood Sending Solutions LLC v. Henny Penny Corp.*, No. 3:19-cv-00366 (S.D. Ohio Apr. 28, 2020) – granting stay and using COVID-19 during the “undue prejudice” analysis
  - *Maxell, Ltd. v. Apple Inc.*, No. 5:19-cv-0003 (E.D. Tex. Apr. 27, 2020) – denying motion to stay due to accelerated stage of the case, despite COVID-19 delays
- Stays have continued during the appeal phase from an IPR proceeding
  - *G.W. Lisk Co., Inc. v. Gits Mfg. Co.*, No. 4:17-cv-273-SMR-CFB (S.D. Iowa) – stay remained in place even where PTAB had found claims patentable.

## D. CONSIDERATIONS FOR LIFTING A MOTION TO STAY

### 1. Appeals from PTAB or ITC

When requesting to lift a stay by contested motion, the movant must consider the forum and type of stay. Stays based on patent claims subject to a parallel proceeding at the ITC are mandated by statute,<sup>43</sup> while district courts have discretion over stays related to other patents or claims. Such statutory stays cannot be lifted until the Commission’s determination becomes final.<sup>44</sup> A determination of the Commission does not become final until the time for appeal has expired or, if a party does appeal, the appeal becomes final.<sup>45</sup> A party should timely move to lift it when the Commission’s determination does become final.

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<sup>43</sup> 28 U.S.C. § 1659(a).

<sup>44</sup> *Id.*

<sup>45</sup> See *In re Princo Corp.*, 478 F.3d 1345, 1348 (Fed. Cir. 2007). At least one district court has held that even when no party is likely to appeal an issue from an ITC proceeding, the appeals period must still run before the stay can be lifted. See *Kirsch Research & Dev., LLC v. DuPont De Nemours, Inc., et al.*, No. 5:20-cv-00057, ECF No. 155 (E.D. Tex. Jan. 24, 2021). In *Kirsch*, the plaintiff had pulled its complaint at the ITC following an unfavorable claim construction and moved to lift the stay at the district court after the Commission issued its final determination. Neither party argued that no appeal could be filed, only that it was unlikely that any issue would be appealed, and the period for which such action could occur would not run for 60 days. In view of this, the court interpreted that statute to require the stay to remain in place until that 60-day period had run. Plaintiffs in similar situations should either wait for any appeals period to run before requesting a stay be lifted or be prepared to argue why the Commission decision is final (see, for example, *infra* Section VII.C.2).

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Stays granted for parallel proceedings at the PTAB are discretionary, and some courts may lift a stay while an appeal is pending if claims survive.<sup>46</sup> But courts may weigh the simplification and undue prejudice factors differently, depending on their views on staying cases.<sup>47</sup>

## 2. Subsequent requests for reexamination or other post-grant challenges

When a stay is in place because of an initial challenge at the PTAB, subsequent post-grant USPTO challenges may impact the decision of the court to lift that stay. In some cases, courts have left stays in place when subsequent challenges have been requested and remain pending, particularly when the district court proceeding is in its early stages and the new challenges could simplify issues in the case.<sup>48</sup>

But courts will not necessarily continue stays for all subsequent challenges, and the decision may depend on factors such as whether all claims asserted at the district court are under review and how far along the district court proceeding is.<sup>49</sup>

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<sup>46</sup> See *General Access Sols., LTD. v. Virgin Mobile USA, L.P., et al.*, No. 2:16-cv-465, ECF No. 53 (E.D. Tex. Jan 10, 2020). In *General Access*, the court found that any simplification of the issue at that point was “far too speculative to be given significant weight”; that is was prejudicial to continue the stay for a considerable length of time “waiting on the mere possibility” of a Federal Circuit reversal; and that the stage of the case the matter was proceeding post-stay was neutral. *Id.* at 2–3.

<sup>47</sup> See *G.W. Lisk Co., Inc. v. Gits Mfg. Co.*, No. 4:17-cv-273-SMR-CFB, ECF No. 70 (S.D. Iowa Dec. 4, 2020) (ordering the stay remain in place because a Federal Circuit opinion could simplify the issues and the proceeding was only in its initial stages when the stay was put in place, despite finding that there was some prejudice to continuing the stay).

<sup>48</sup> See *Wi-LAN Inc. v. Huizhou TCL Mobile Comm’n Co., Ltd.*, No. 8:19-cv-00870, 2020 WL 6193311, at \*1-3 (C.D. Cal. Oct. 15, 2020). The Central District of California has “a liberal policy in favor of granting motions to stay proceedings pending the outcome of re-examination, especially in cases that are still in the initial stages of litigation and where there has been little or no discovery.” *Id.* at \*1 (quoting *Limestone v. Micron Technology*, 2016 WL 3598109, at \*2 (C.D. Cal. Jan. 12, 2016)). But see *Robert Bosch Healthcare Systems, Inc. v. Cardiocom LLC*, No. 14-cv-01575-EMC, 2017 WL 6939167 (N.D. Cal. Mar. 16, 2017) (denying lifting a stay where the two remaining patents at issue had survived IPR proceedings on what the court considered procedural grounds and were now under EPRs where an initial office action had issued rejecting all claims, finding that the case was in its earliest stages when the stay was initially put in place, all claims at issue had been rejected, and the patents were expired, so the parties no longer competed in the market place).

<sup>49</sup> See *IXI Mobile (R&D) Ltd. v. Samsung Electronics Co. Ltd.*, No. 15-cv-03752-HSG, 2019 WL 1756353, at \*1-2 (N.D. Cal. Apr. 19, 2019). The *IXI Mobile* court granted the motion to lift the stay, stating that the IPRs the stay was based on had concluded and that the court was “not persuaded that a continued stay [was] likely to simplify the issues in the case in a timely manner,” as the parallel proceedings at the PTAB and PTO had already taken more than three years.

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In cases where the district court is less likely to stay a case to begin with, serial challenges to the patent will be dealt with differently.<sup>50</sup> The decision to lift a stay may depend on the prejudice to the patent holder and whether the defendants are engaging in litigation gamesmanship.<sup>51</sup>

Ultimately, the key factors in dealing with successive challenges to a patent include the progress at the PTAB or USPTO (in the case of reexamination) and whether the district court thinks there is prejudice to the patent holder.

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<sup>50</sup> See, e.g., *Eon Corp. IP Holdings, LLC v. Skytel Corp.*, No. 6:08-cv-385, 2009 WL 8590963, at \*4 (E.D. Tex. Apr. 29, 2009); see also *AGIS Software Development LLC v. Google LLC*, No. 2:19-cv-361-JRG, 2021 WL 465424, at \*2 (E.D. Tex. Feb. 9, 2021) (“It has been this Court’s consistent and long established practice to deny motions to stay pending IPR and EPR when the PTAB or PTO have instituted review on less than all asserted claims of all asserted patents because at least one or more originally asserted claims will be unaffected by the outcome of those parallel proceedings and left intact before this Court to be tried.”).

<sup>51</sup> *AGIS Software Development LLC v. Google LLC*, No. 2:19-cv-361-JRG, 2021 WL 465424, at \*2 (E.D. Tex. Feb. 9, 2021) (finding that “[s]ince all the asserted claims of all Asserted Patents, pending before this Court, are now subject to granted EPRs the prejudice to AGIS is outweighed by the benefit of such parallel review,” as the claims as originally filed were unlikely to remain in the case as such). See also *Ramot at Tel Aviv Univ. Ltd. v. Cisco Sys., Inc.*, No. 2:19-cv-225, 2021 WL 121154 (E.D. Tex. Jan. 13, 2021) (staying the case after the PTO had rejected all asserted claims of the patents in suit and thus the EPRs had “now progressed past the point of speculation,” after having previously denied two motions to stay, first when IPR petitions were pending and second when there were office actions rejecting the claims in only two of the three pending EPRs); *Maxell, Ltd. v. Apple Inc.*, No. 5:19-cv-00036, ECF No. 662 (E.D. Tex. Mar. 15, 2021) (denying a stay on the eve of trial where the patent claims at issue were under a combination of IPR review and the defendant had filed requests for EPRs on patents for which the IPRs had been denied).

### *III. Accelerated and Conflicting Trial Scheduling*

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#### **A. ANALYSIS OF RULES AND STANDING ORDERS**

This section summarizes the rules and standing orders in the major venues for bringing patent complaints.

##### **1. District of Delaware**

The District of Delaware has not enacted a uniform set of local patent rules governing the timing and substance of key disclosures and other procedures in patent cases. And none of the Court's local rules is specific to patent actions, aside from Local Rule 3.2, which requires copies of the asserted patents to be attached and filed with the complaint.

Patent litigation procedure in the District of Delaware is instead generally controlled or influenced by judges' and magistrates' individual practices, including their respective model patent case scheduling orders and by default standards for discovery. Model scheduling orders are accessible on each judge's individual web page.

##### **2. Western District of Texas**

The Western District of Texas has no official local patent rules and none of the Court's local rules is specific to patent actions.

Following the Western District's Standing Order Assigning the Business of the Court, Hon. Alan. D. Albright handles all cases and proceedings in the court's Waco Division.<sup>52</sup> Judge Albright, a former patent litigator, has released a proposed scheduling order<sup>53</sup> and a series of standing orders related to patent cases, including: 1) a standing order regarding court docket management, released August 5, 2019;<sup>54</sup> 2) a standing order regarding patent/trademark cases, released November 22, 2019;<sup>55</sup> 3) an

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<sup>52</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/District/Amended%20Order%20Assigning%20Business%20of%20the%20Court%20030821.pdf>

<sup>53</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Proposed%20Scheduling%20Order%20for%20U.S.%20District%20Judge%20Albright.pdf>

<sup>54</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Order%20Regarding%20Court%20Docket%20Management%20for%20Waco%20Division%20060820.pdf>

<sup>55</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Standing%20Order%20Regarding%20Patent%20Trademark%20Cases%20112219.pdf>



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amended standing order regarding venue and jurisdictional discovery limits for patent cases, released June 8, 2021;<sup>56</sup> 4) a standing order for discovery hearings in patent cases, released June 17, 2021;<sup>57</sup> 5) a second amended standing order regarding motions for inter-district transfer, released August 18, 2021;<sup>58</sup> 6) a standing order regarding notice of readiness for patent cases, released March 7, 2022;<sup>59</sup> and 7) a standing order governing proceedings (OGP) for patent cases, released March 7, 2022<sup>60</sup>. As the sole judge handling Waco Division cases, Judge Albright's standing orders and procedures govern all patent cases that are filed and litigated in that division.

Judge Albright's OGP evinces a particular interest in parallel IPR proceedings and requires plaintiffs to file a notice informing the Court when an IPR is filed, the expected time for an institution decision, and the expected time for a final written decision, within two weeks of the IPR filing.<sup>61</sup>

### 3. Eastern District of Texas

The Eastern District of Texas has adopted Rules of Practice for Patent Cases<sup>62</sup> that apply to all patent cases involving utility patents, including Hatch-Waxman Act litigation and declaratory judgment actions.

Several Eastern District judges have standing orders or model orders that supplement or modify the local patent rules. Each judge's individual practices and standing orders are available on the court's website. In addition, the Eastern District has released a Model Order Focusing Patent Claims and Prior Art to Reduce Costs,<sup>63</sup> which supplements all other discovery rules and orders. The model order requires the party claiming infringement and the accused infringer to limit the number of

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<sup>56</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Amended%20Standing%20Order%20Regarding%20Venue%20and%20Jurisdictional%20Discovery%20Limits%20for%20Patent%20Cases%20060821.pdf>

<sup>57</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Standing%20Order%20for%20Discovery%20Hearings%20in%20Patent%20Cases%20061721.pdf>

<sup>58</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Second%20Amended%20Standing%20Order%20Regarding%20Motions%20For%20Inter-District%20Transfer%20081821.pdf>

<sup>59</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Standing%20Order%20Regarding%20Notice%20of%20Readiness%20for%20Patent%20Cases%20030722.pdf>

<sup>60</sup> <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Standing%20Order%20Governing%20Proceedings%20Patent%20Cases%20030722.pdf>

<sup>61</sup> *Id.* § IX.4.

<sup>62</sup> <https://www.txed.uscourts.gov/?q=patent-rules>

<sup>63</sup> <http://www.txed.uscourts.gov/sites/default/files/forms/ModelPatentOrder.pdf>

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asserted claims and prior art references. Finally, the Eastern District's Track B Initial Patent Case Management Order<sup>64</sup> provides an alternative fast track case management schedule for appropriate patent cases.

#### 4. California Districts

The Northern District of California<sup>65</sup> and Southern District of California<sup>66</sup> have adopted Patent Local Rules that apply to all cases involving utility patents. Several of the judges have standing orders specific to patent cases, which are available on the judges' website. In addition, the Northern District's website states that the Court participates in the national Patent Pilot Program. Although the national Patent Pilot Program sunsetted in 2021, the Court's General Order No. 67, providing procedures for assigning patent cases in the District, is still effective. Accordingly, the Northern District continues to follow the Patent Pilot Program after its expiration. The Southern District participated in the Patent Pilot Program while the program was active; but the General Order governing participation<sup>67</sup> has since been archived and no replacement order has issued.

Unlike the Northern District and Southern District, the Central District of California, another popular venue for patent cases, has not enacted a set of local patent rules. And only a few of the Court's local rules pertain to patent cases, albeit only in a minor way.<sup>68</sup> Several of the judges, however, have adopted standing orders and practices tracking the Northern District's Local Patent Rules. For example, Hon. Otis D. Wright, II, by a Patent Standing Order,<sup>69</sup> has adopted the Patent Local Rules of the Northern District of California. Hon. Josephine L. Staton's website states that her chambers follows a schedule similar to that imposed by the Northern District of California.<sup>70</sup> And Hon. James V. Selna's model Order Setting Rule 26(f) Scheduling Conference states that the "Court intends to follow the process outlined in the rules for patent cases which have been adopted by the Northern District of California."<sup>71</sup> In addition, like the Northern District, the Central District participated in the Patent Pilot Program through 2021 and elected to continue the Patent

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<sup>64</sup> <http://www.txed.uscourts.gov/sites/default/files/goFiles/14-03.pdf>

<sup>65</sup> <https://www.cand.uscourts.gov/rules/patent-local-rules/>

<sup>66</sup> [https://www.casd.uscourts.gov/\\_assets/pdf/rules/2021.07.5%20Local%20Rules.pdf](https://www.casd.uscourts.gov/_assets/pdf/rules/2021.07.5%20Local%20Rules.pdf)

<sup>67</sup> [https://www.casd.uscourts.gov/\\_assets/pdf/rules/General%20Order%20598-D.pdf](https://www.casd.uscourts.gov/_assets/pdf/rules/General%20Order%20598-D.pdf)

<sup>68</sup> L.R. 3-1 (requiring plaintiff to provide notice of lawsuit to USPTO at time of filing); L.R. 19-2 (addressing joinder of defendants in patent cases); L.R. 54-3.10(d) (file histories supplied by USPTO are taxable as costs); L.R. 83-1.3.1 (addressing requirement to file notice of related cases);

<sup>69</sup>

<https://www.cacd.uscourts.gov/sites/default/files/documents/ODW/AD/Patent%20Standing%20Order.pdf>

<sup>70</sup> <https://www.cacd.uscourts.gov/honorable-josephine-l-staton>

<sup>71</sup>

<https://www.cacd.uscourts.gov/sites/default/files/documents/JVS/AD/OrderSettingSchedConfRVSD.pdf>

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Pilot Program after its expiration. General Order No. 21-11<sup>72</sup> expressly establishes a permanent Patent Program that supersedes the Court's participation in the national Patent Pilot Program.

## 5. ITC

The rules governing practice before the ITC are set out in various sections of Title 39 of the Code of Federal Regulations as follows:

- Rules of general application (19 C.F.R. §§ 201.1–.208);
- Rules for non-adjudicative investigations, including anti-dumping and countervailing duty investigations under Title VII of the Tariff Act of 1930 (19 C.F.R. §§ 202.1–207.120);
- Rules of procedure for Section 337 investigations (19 C.F.R. §§ 210.1–.79);
- Rules for applying the Equal Access to Justice Act (5 U.S.C. § 504) to Section 337 investigations (19 C.F.R. §§ 212.01–.29); and
- Rules governing the ITC's Trade Remedy Assistance Office established by Section 339 of the Tariff Act of 1930 (19 C.F.R. §§ 213.1–.6).

Each of the ITC's Administrative Law Judges (ALJs) also have personal Ground Rules. The ALJs' ground rules supplement the ITC rules in 19 C.F.R. Part 210 and are intended to help the ALJ conduct the investigation consistently with those rules and with the Administrative Procedures Act. The ALJs' investigation-specific or most recent ground rules are available by searching the ITC's Electronic Document Information System.<sup>73</sup> In addition, the ITC's website links to documents defining its Rules of Practice and Procedure, as well as rules-related material, recent rules notices, and historical rules and related notices.<sup>74</sup>

## 6. PTAB

The rules in Title 37, Chapter I, Subchapter A, Part 41, Subparts A and D of the Code of Federal Regulations govern practice before the PTAB.<sup>75</sup> Between updates, interim changes to these rules are published in the Federal Register. The Consolidated Trial Practice Guide<sup>76</sup> provides additional practices before the Board during AIA trial proceedings, including IPRs, PGRs, CBM reviews (now sunsetted), and derivation proceedings. In addition, copies of precedential decisions establishing binding authority on the PTAB and non-precedential, informative decisions providing other norms and guidance relevant to practice before the PTAB are posted on the PTAB's website.<sup>77</sup>

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<sup>72</sup> <https://www.cacd.uscourts.gov/sites/default/files/general-orders/GO%2021-11.pdf>

<sup>73</sup> <https://edis.usitc.gov/external/>

<sup>74</sup> [https://www.usitc.gov/secretary/fed\\_reg\\_notices/rules\\_and\\_procedures](https://www.usitc.gov/secretary/fed_reg_notices/rules_and_procedures)

<sup>75</sup> 37 C.F.R. §§ 41.1–.20, 41.100–.158.

<sup>76</sup> <https://www.uspto.gov/sites/default/files/documents/tpgnov.pdf?MURL=>

<sup>77</sup> <https://www.uspto.gov/patents/ptab/precedential-informative-decisions>



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## **B. ANALYSIS OF RECENT TRENDS IN PATENT CASE FILINGS AT DISTRICT COURTS AND THE ITC**

### **1. Benefits to patent owners in the ITC vs. district court**

In some situations, the ITC has significant advantages over district courts for patent holders, primarily because of its faster timing and remedies.<sup>78</sup> In the district court, “time to trial” can take over two years, and often more;<sup>79</sup> the ITC’s “expeditious adjudication”<sup>80</sup> results in evidentiary hearings within 9-10 months from institution of the complaint and a final determination within 15-18 months of institution.<sup>81</sup> Unlike district court litigation, which requires separate suits for different defendant groups, the ITC permits multiple respondents to be named in the same investigation, which can be helpful in seeking a general exclusion order that enjoins market participants who are not named respondents. Additionally, the ITC’s remedy of an exclusion order provides injunctive relief without the need to march through the *eBay* factors, as required in district court.

Other benefits to patent owners in the ITC include the ALJs’ experience with patent cases; its *in rem* jurisdiction over imported articles accused of infringement and the corresponding ability to obtain discovery from foreign parties, including overseas inspections; and its nationwide subpoena power to pursue and introduce into evidence third party discovery. Also, a patentee can pursue an assertion claim in a district court even after the ITC has found that patent invalid, because ITC findings are not binding on district courts.

Patent holders, however, do have to weigh the benefits of litigating at the district court instead of the ITC.<sup>82</sup> District court litigation allows for monetary past damages on expired or soon-to-be expiring patents and does not require proof of a domestic industry. Furthermore, a patent holder

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<sup>78</sup> Patent litigation filings remained steady at the ITC in 2021 compared to 2020 and up more than 25% compared to filings in 2019. DOCKET NAVIGATOR, 2021 PATENT LITIGATION YEAR IN REVIEW 7 (2022), <https://search.docketnavigator.com/api/documents/report/2659838>.

<sup>79</sup> DOCKET NAVIGATOR, 2021 PATENT LITIGATION YEAR IN REVIEW 23 (2022), <https://search.docketnavigator.com/api/documents/report/2659838>. In the Western District of Texas, the average time to trial was 854 days in 2021. *Id.* There is variability even in an individual district’s time-to-trial from year-to-year, which was exacerbated by the Covid-19 pandemic, although the Western District of Texas was holding trials consistently again starting in March 2021. In 2020, it was still on average over 20 months to trial in the Western District of Texas. *Id.*

<sup>80</sup> 19 U.S.C. § 1337(b)(1).

<sup>81</sup> *Section 337 Statistics: Average Length of Investigations*, USITC (Apr. 16, 2021), [https://www.usitc.gov/intellectual\\_property/337\\_statistics\\_average\\_length\\_investigations.htm](https://www.usitc.gov/intellectual_property/337_statistics_average_length_investigations.htm).

<sup>82</sup> As discussed above, any co-filed district court case is required to be stayed at the request of an accused infringer who is subject to both proceedings, at least as to all overlapping asserted claims. *See supra* Section II.D.1.

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whose patent is found valid and infringed does not need to worry about its intellectual property rights being subordinated to the public interest.<sup>83</sup>

## 2. Benefits to accused infringers in the ITC vs. district court

Accused infringers can benefit from being named respondents in an ITC investigation. The ITC terminates investigations on expired or soon-to-be expiring patents,<sup>84</sup> and the two-pronged domestic industry requirement prevents non-practicing entities from maintaining a complaint.<sup>85</sup> Accused infringers can also use the domestic industry requirement to challenge a patent holder's case and argue against issuance of an exclusion order based on public interest factors.<sup>86</sup> The ITC also offers accelerated adjudication through programs—namely, the ITC's 100-day program or the more recently implemented pilot program<sup>87</sup>—that can resolve significant issues early in the investigation.

Yet, accused infringers typically fare better at district courts because of their longer timelines for major procedural deadlines and the ability to litigate counterclaims in the same proceeding.<sup>88</sup>

## C. EFFECT OF RECENT TRENDS AFFECTING TRIAL SCHEDULING AT THE PTAB

### 1. Timing considerations between district court litigation and PTAB filings

#### a. Timing in popular district court venues

The top litigation venues from 2020 are listed below along with their the average time to trial in 2019 and 2020, if available.<sup>89</sup> Based on the 2019 data, the average time to trial ranged from 1.7 years (609 days in the Northern District of California) to 4.4 years (1607 days in the Northern District of Illinois).

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<sup>83</sup> 19 U.S.C. § 1337(d)(1) (“If the Commission determines, as a result of an investigation under this section, that there is a violation of this section, it shall direct that the articles concerned, imported by any person violating the provision of this section, be excluded from entry into the United States, *unless, after considering the effect of such exclusion upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such articles should not be excluded from entry.*”) (emphasis added).

<sup>84</sup> See, e.g., *Certain Color Intraoral Scanners and Related Hardware and Software*, Inv. No. 337-TA-1091, Init. Det. (Mar. 1, 2019) (terminating the investigation as to two patents that would expire 48 days before the target date of the investigation).

<sup>85</sup> 19 U.S.C. §§ 1337(b)(2)–(3).

<sup>86</sup> See *Certain Microfluidic Devices*, Inv. No. 337-TA-1068, Comm’n Op. (Jan. 10, 2020) at 25–48.

<sup>87</sup> [https://www.usitc.gov/press\\_room/featured\\_news/337pilotprogram.htm](https://www.usitc.gov/press_room/featured_news/337pilotprogram.htm)

<sup>88</sup> 19 C.F.R. § 210.14(e) (requiring any counterclaims raised be removed to district court).

<sup>89</sup> Docket Navigator, 2020 Year In Review, Patent Litigation Special Report at 20, 25, 27. Data from both 2019 and 2020 is included given the widespread disruptions to the court system caused by the COVID pandemic in 2020.

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District Court	Time To Trial in 2019 / 2020
Northern District of California	609 days (2019 only)
Western District of Texas	636 days (2020 only)
Eastern District of Texas	842 days / 1132 days
Central District of California	874 days / 1365 days
District of Delaware	1285 days / 1334 days
District of New Jersey	1377 days / 1511 days
Northern District of Illinois	1607 days / 1595 days

#### b. Timeline of an IPR compared to popular district court venues

The petitioner has one year to file an IPR petition on a patent from the time when served with a complaint asserting infringement of that patent.<sup>90</sup> IPR proceedings are meant to proceed relatively quickly to a final written decision on the grounds of the petition. The determination on whether to institute IPR proceedings is due approximately six months following the submission of the IPR petition.<sup>91</sup> For instituted IPRs, the final written decision is generally due within one year of the decision to institute and can be extended for up to another six months for good cause.<sup>92</sup>

If we assume that a petitioner files the petition within nine months of receiving a complaint, this means that the final written decision will, on average, be due around the time of trial in the parallel proceeding for the Northern District of California, Western District of Texas, and Eastern District of Texas. If we assume that the petition is filed at the one-year deadline, then we can add the Central District of California to the list of districts that may proceed to trial before the final written decision. This calculus does not account for the many cases in which trial is initially scheduled earlier and then the ultimate date of the trial is delayed.

<sup>90</sup> 35 U.S.C. § 315(b) (“An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.”)

<sup>91</sup> The Patent Owner’s Preliminary Response three months after the date of a notice indicating that the IPR Petition has been granted a filing date. 37 C.F.R. § 42.107(b). There is no set deadline for when a Petition will be granted a filing date by the Patent Office. The Institution decision is due within three months after the receipt of the Patent Owner Preliminary Response or the date on which such response was due. 35 U.S.C. § 314.

<sup>92</sup> 35 U.S.C. § 316(a)(11) (“The Director shall prescribe regulations . . . requiring that the final determination in an inter partes review be issued not later than 1 year after the date on which the Director notices the institution of a review under this chapter, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months, and may adjust the time periods in this paragraph in the case of joinder under section 315(c).....”); 37 C.F.R. § 42.100(c) (“An inter partes review proceeding shall be administered such that pendency before the Board after institution is normally no more than one year. The time can be extended by up to six months for good cause by the Chief Administrative Patent Judge, or adjusted by the Board in the case of joinder.”).

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## 2. Claim construction considerations

The claim construction standard applied in IPRs differed from that used in federal court and at the ITC until November 13, 2018. Since then, the same *Phillips* standard used in federal court and the ITC is applied in PTAB proceedings.<sup>93</sup> This could lead to the claim construction decisions of one body influencing the decisions of another body with parallel proceedings. In fact, the PTAB rules *require* that any timely raised prior claim construction determination in a civil action or International Trade Commission proceeding “be considered.”<sup>94</sup>

Under the *Phillips* standard, the PTAB has permitted petitioners to challenge claims under the constructions applied by patent owners in district court, either alone or in the alternative to the petitioner’s own proposed claim constructions.<sup>95</sup> This approach promotes consistency between the the PTAB and district courts and may hold patentees to their own assertions regarding the scope of their patents.

## 3. Risk of inconsistent judgments

### a. Final determinations on validity, infringement, enforceability

With parallel proceedings, there is a risk of inconsistent judgments, particularly in determinations of validity and patentability. Yet, it is possible for the PTAB to find claims unpatentable on an identical evidentiary record to that a district judge rules on or a jury finds to be insufficient for providing invalidity, without necessarily engendering contradictory results. The burdens of proof are different, with PTAB applying the preponderance of the evidence standard<sup>96</sup> and the district court applying the clear and convincing evidence standard. Of course, the possibility remains for contradictions that are more challenging to reconcile, for example, if the district court finds challenged claims invalid by clear and convincing evidence, while the PTAB finds them to be patentable by a preponderance of evidence.

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<sup>93</sup> 83 Fed. Reg. 51,340 (Oct. 11, 2018) (final rule taking effect November 13, 2018); 37 C.F.R. § 42.100(b) (“In an *inter partes* review proceeding, a claim of a patent, or a claim proposed in a motion to amend under § 42.121, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent.”).

<sup>94</sup> 37 C.F.R. § 42.100(b) (“Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the *inter partes* review proceeding will be considered.”).

<sup>95</sup> 10X Genomics, Inc. v. Bio-Rad Labs., Inc., IPR No. IPR2020-00087, Paper No. 9, Decision Granting Institution of *Inter Partes* Review at 15-19 (April 27, 2020); *see also* 10X Genomics, Inc. v. Bio-Rad Labs., Inc., IPR No. IPR2020-00086, Paper No. 8, Decision Granting Institution of *Inter Partes* Review at 17-22 (April 27, 2020).

<sup>96</sup> 35 U.S.C. § 316(e) (“In an *inter partes* review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.”).

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If the PTAB finds claims unpatentable that are also the subject of pending district court litigation, this determination can bar the infringement and enforceability of those same claims in district court, even if the district court has already entered judgment of infringement on those claims.<sup>97</sup> This is true as long as any aspect of the district court litigation is still pending when the PTAB proceeding becomes final after appeal.

#### **4. Discretionary denials of institution at the PTAB in view of the timing of parallel district court or ITC proceedings**

##### **a. *NHK Spring and Fintiv***

The USPTO Director has statutory authority to deny meritorious petitions at his or her discretion.<sup>98</sup> Yet, the statute that provides that discretion does not offer guidance on how the Director's discretion is to be guided or applied.<sup>99</sup> The task of enunciating the metes and bounds of discretionary institution has fallen to the PTAB.<sup>100</sup>

In situations involving district court or ITC proceedings running in parallel with the petition before the PTAB, the PTAB has determined that discretionary denial may be appropriate given the status and timing of those parallel proceedings.<sup>101</sup> And in its *Fintiv* decision, the PTAB established factors to guide discretionary denial:

1. Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;

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<sup>97</sup> *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013). *Chrimar Sys. v. Ale USA Inc.*, Case No. 19-1124, Petition for Writ of Certiorari (March 10, 2020), *denied* 141 S. Ct. 160 (2020) (petition presenting the questions “[w]hether the Federal Circuit may apply a finality standard for patent cases that conflicts with the standard applied by this Court and all other circuit courts in nonpatent cases” and “[w]hether a final judgment of liability and damages that has been affirmed on appeal may be reversed based on the decision of an administrative agency, merely because an appeal having nothing to do with liability, damages or the proper calculation of the ongoing royalty rate is pending.”).

<sup>98</sup> *See, e.g., Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper No. 11 (PTAB Mar. 20, 2020) (Precedential).

<sup>99</sup> 35 U.S.C. § 314(a) (“The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”).

<sup>100</sup> The Federal Circuit has thus far declined jurisdiction of challenges to discretionary denial of institution whether on direct appeal or petition for a writ of mandamus. *Cisco Systems Inc. v. Ramot at Tel Aviv University*, Case Nos. 20-2047, -2049 (Fed. Cir. Oct. 30, 2020); *In re: Cisco Systems Inc.*, Case No. 2020-148 (Fed. Cir. Oct. 30, 2020). As of this writing, there is a pending challenge to the PTAB's discretionary denial practice in the Northern District of California. *Apple Inc. v. Iancu*, No. 20-cv-6128 (N.D. Cal. Aug. 31, 2020), ECF No. 1.

<sup>101</sup> *NHK Spring v. Intri-Plex Techs.*, IPR2018-00752 (“*NHK*”), Paper 8 at 11-20.



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2. Proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. Investment in the parallel proceeding by the court and the parties;
4. Overlap between issues raised in the petition and in the parallel proceeding;
5. Whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. Other circumstances that impact the Board’s exercise of discretion, including the merits.<sup>102</sup>

In evaluating these factors, the PTAB considers efficiency, fairness, and merits to support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding, and it takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.<sup>103</sup>

On June 21, 2022, the Patent Office published its Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation. These standards addressed certain aspects of how *Fintiv* was to be applied by PTAB going forward and, in essence, provided guidelines for the use of PTAB’s power of discretionary denial. Per the Interim Procedure, the PTAB would not discretionarily deny institution in cases where the petition showed “compelling evidence of unpatentability” (i.e., had “compelling merits”). The Interim Procedure also specified that the PTAB would not discretionarily deny institution based on parallel ITC proceedings. The Interim Procedure also established that there would not be discretionary denial where the petitioner filed an appropriately worded stipulation (*Sotera* stipulation) with respect to non-assertion of prior art that was raised or could have reasonably been raised in the IPR petition in parallel district court proceedings. Further, the Interim Procedure recognized the importance of a data-driven approach in determining the district court time to trial under *Fintiv*. The Interim Procedure concluded that a court’s scheduled trial date “is not by itself a good indicator of whether the district court trial will occur before the statutory deadline for a final written decision.” The Interim Procedure recognized that “[p]arties may present evidence regarding the most recent statistics on median time-to-trial for civil actions in the district court in which the parallel litigation resides,” and that the “PTAB will also consider additional supporting factors such as the number of cases before the judge in the parallel litigation and the speed and availability of other case dispositions.” On April 21, 2023, the Patent Office issued an advanced notice of proposed rulemaking related to discretionary denial, which is still in the public comment period through June 20, 2023.<sup>104</sup>

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<sup>102</sup> Apple v. *Fintiv*, IPR2020-00019 (“*Fintiv*”), Paper 11 at 5-6.

<sup>103</sup> *Id.* at 6.

<sup>104</sup> Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board, 88 Fed. Reg. 24503 (proposed April 21, 2023).

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**b. Analysis of decisions applying the *NHK-Fintiv* factors**

The PTAB's application of the *Fintiv* factors in precedential and informative decisions is still evolving, with different factors weighing more or less heavily from case to case. Factors 1 and 5 are typically straightforward. If a stay has been granted or is likely in district court, this weighs against discretionary denial.<sup>105</sup> Similarly, if the petitioner and the defendant are not the same, this weighs against discretionary denial.<sup>106</sup>

Factor 2 considers the timing of the final written decision and the trial date in the parallel proceeding.<sup>107</sup> When “it is unclear that the court in the related district court litigation will adhere to any currently scheduled jury trial date, or, if it is changed, when such trial will be held,” PTAB has found this factor to weigh “marginally in favor of not exercising discretion to deny institution[.]”<sup>108</sup>

Factor 3 addresses the investment in the parallel proceeding made thus far by the court and the parties. To favor discretionary denial, such investment should be linked to issues related to the adjudication of validity. If the investment relates to ancillary matters untethered to the validity issue itself, this factor weighs only marginally, if at all, in favor of exercising discretion to deny institution.<sup>109</sup>

Factor 4 considers the relevant overlap between the PTAB proceeding and the district court proceeding. This factor favors denial if there is substantial overlap between the two proceedings.<sup>110</sup> Petitioners can sometimes overcome this factor by stipulating that they will not raise certain validity challenges in parallel proceedings if the PTAB petition is instituted.<sup>111</sup> The PTAB found that a stipulation tracking the language of the IPR estoppel provision “mitigates any concerns of potentially conflicting decisions” and found that factor 4 weighed “strongly in favor of not exercising discretion to deny institution.”<sup>112</sup>

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<sup>105</sup> *Snap, Inc. v. SRK Technology LLC*, IPR2020-00820, Paper 15 at 9 (PTAB Oct. 21, 2020) (precedential).

<sup>106</sup> *Fintiv*, Paper 11 at 13-14.

<sup>107</sup> *Fintiv*, Paper 11 at 9.

<sup>108</sup> *Sand Revolution II, LLC Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper No. 24 at 9-10 (PTAB June 16, 2020) (informative).

<sup>109</sup> *See id.* at 10-11.

<sup>110</sup> *Id.* at 12.

<sup>111</sup> *Sotera Wireless, Inc. v. Masimo Corp.*, IR2020-01019, Paper No. 12 at 18-19 (Dec. 1, 2020) (Precedential).

<sup>112</sup> *Id.*; 35 U.S.C. § 315(e)(2) (“The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised

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Regarding factor 6 - other circumstances including the merits - the PTAB has explained that the merits are included in the “balanced assessment of all the relevant circumstances,” but a “full merits analysis” is not required.<sup>113</sup>

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during that inter partes review.”). *But see* Sand Revolution II, LLC Continental Intermodal Group – Trucking LLC, IPR2019-01393, Paper No. 24 at 11-12 & n.5 (PTAB June 16, 2020) (informative) (concluding that petitioner’s stipulation that “if the IPR is instituted, Petitioner will not pursue the same grounds in the district court litigation” “mitigates to some degree the concerns of duplicative efforts between the district court and the Board” and noting that this factor could have tipped more in petitioner’s favor if it had been broader or if the petitioner had waived any overlapping patentability/invalidity defenses).

<sup>113</sup> Apple v. Fintiv, IPR2020-00019 (“*Fintiv*”), Paper 11 at 14-15.



## *IV. Estoppel*

### **A. ESTOPPEL AT THE PTAB**

#### **1. Standards for estoppel**

##### **a. IPR**

After an IPR has been completed, 35 U.S.C. § 315(e)(1) prohibits petitioners from requesting or maintaining “a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.”<sup>114</sup> This estoppel attaches immediately when a final written decision issues, and “not only after the appeals have been exhausted.”<sup>115</sup> This estoppel can apply to simultaneously filed IPRs challenging the same claims of the same patent, where one IPR reaches final written decision before the other(s).<sup>116</sup> To avoid this outcome, some petitioners have started seeking consolidation of co-pending IPRs.<sup>117</sup>

##### **b. PGR**

Similar to IPR, the issuance of a final written decision in a post-grant review (PGR) results in estoppel under 35 U.S.C. § 325(e)(1), preventing petitioners from requesting or maintaining “a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that post-grant review.”<sup>118</sup>

##### **c. Patent owner estoppel**

Under 37 C.F.R. § 42.73(d)(3) patent owners are also subject to estoppel and “precluded from taking action inconsistent with [an] adverse judgement including obtaining in any patent: (i) A claim that is not patentably distinct from a finally refused or canceled claim; or (ii) An amendment of a specification or of a drawing that was denied during the trial proceeding, but this provision does not apply to an application or patent that has a different written description.”

The Board has interpreted this regulation to mean that patent owners cannot take positions on a claim in post-grant proceedings that are adverse to a determination in a prior post-grant proceeding

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<sup>114</sup> *Accord* 37 C.F.R. § 42.73(d)(1) (tracking 35 U.S.C. § 315(e)(1)).

<sup>115</sup> *Medtronic, Inc. et al v. Teleflex Life Sci. Ltd.*, IPR2020-01343, Paper 85, 71 (PTAB Feb. 23, 2022)

<sup>116</sup> *Intuitive Surgical Inc. v. Ethicon LLC*, 25 F.4d 1035, 1040-1041 (Fed. Cir. 2022).

<sup>117</sup> *See e.g., MED-EL Elektromedizinische Geräte Ges.m.b.H. v. Advanced Bionics AG*, IPR2020-01016, Paper 42, 136 (PTAB Mar. 31, 2022).

<sup>118</sup> *Accord* 37 C.F.R. § 42.73(d)(1) (tracking 35 U.S.C. § 325(e)(1)).

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that the claim is unpatentable.<sup>119</sup> Nevertheless, patent owners are allowed to argue for the separate patentability of dependent claims that depend from a previously invalidated independent claim.<sup>120</sup>

## 2. Estoppel and RPI

Estoppel under 35 U.S.C. § 315(e)(1), 35 U.S.C. § 325(e)(1), and 37 C.F.R. § 42.73(d)(1) does not only apply to the petitioner in a post-grant proceeding, but also to any real-party-in-interest (RPI) and privy of the petitioner.<sup>121</sup> These provisions are designed to “ensure that third parties who have sufficiently close relationships with... petitioners would be bound by the outcome of instituted” post-grant proceedings.<sup>122</sup> The determination of whether a party is an RPI or privy follows the same analysis as determinations of RPI and privity for the 35 U.S.C. § 315(b) time bar.<sup>123</sup> The application of estoppel to RPI and privies has not only spurred patent owners to challenge whether petitioners have correctly identified the real-parties-in-interest in the current proceeding,<sup>124</sup> but also whether the petitioners were themselves unnamed real-parties-in-interest in previous proceedings.<sup>125</sup>

### B. PTAB ESTOPPEL APPLIED IN FEDERAL COURTS

#### 1. Interpretation of the “raised or reasonably could have raised” standard

##### a. Impact of *SAS* on the standard

Before the Supreme Court’s decision in *SAS Institute, Inc. v. Iancu*, the PTAB could exercise its discretion to institute an IPR on all, some, or none of the grounds raised in a petition.<sup>126</sup> Parties were not estopped from litigating so-called “non-instituted grounds,” i.e., grounds on which the PTAB had declined to institute IPR.<sup>127</sup> The PTAB’s application of *SAS* eliminated the non-instituted

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<sup>119</sup> Baker Hughes Inc. et al v. Packers Plus Energy Servs., Inc., IPR2016-00598, Paper 91, 4 (PTAB Dec. 17, 2019).

<sup>120</sup> *Id.*

<sup>121</sup> See 35 U.S.C. § 315(e)(1), 35 U.S.C. § 325(e)(1), 37 C.F.R. § 42.73(d)(1).

<sup>122</sup> Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336, 1350 (Fed. Cir. 2018).

<sup>123</sup> Bowtech, Inc. v. MCP IP, LLC, IPR2019-00379, Paper 14, 20-26 (PTAB Jul. 3, 2019) (citing Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336 (Fed. Cir. 2018) and Worlds Inc. v. Bungie, Inc., 903 F.3d 1237, 1242 (Fed. Cir. 2018) in analysis of RPI and privity under 35 U.S.C. § 315(e)(1)).

<sup>124</sup> Nuseed Ams. Inc. v. BASF Plant Science GMBH, IPR2017-02176, Paper 16, 11 (PTAB Apr. 11, 2018) (patent owner arguing that Petitioner failed to name real party in interest to avoid 35 U.S.C. § 315(e)(1) estoppel)

<sup>125</sup> Apple Inc. v. Uniloc 2017 LLC, IPR2019-01667, Paper 49, 7-10 (PTAB Apr. 7, 2021) (patent owner arguing that petitioner was an unnamed real party in interest or privy in another IPR that had reached final written decision).

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ground category by requiring the Board, when instituting review, to do so “on all of the challenged claims and on all grounds of unpatentability asserted for each claim.”<sup>128</sup>

After *SAS*, estoppel under § 315(e)(2) applies to grounds that the petitioner reasonably could have raised in its IPR, but did not.<sup>129</sup> Similarly, the ITC has held that estoppel reaches non-petitioned grounds in an IPR.<sup>130</sup> In 2016, *Shaw* had concluded that petitioners were not estopped from presenting a “petitioned-for, non-instituted ground in future proceedings because the petitioner could not reasonably have raised the ground during IPR.”<sup>131</sup> Recently the Federal Circuit concluded that *SAS* abrogated the relevant support for *Shaw*, thus enabling the Federal Circuit to overrule *Shaw* without an *en banc* action. As the Federal Circuit then held: “Accordingly, 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 grounds not stated in the petition but which reasonably could have been asserted against the claims included in the petition.”<sup>132</sup>

But a claim for which a patent challenger never petitioned for IPR seemed to fall outside the bounds of the foregoing framework. A plain reading of § 315(e)(2) might have suggested that estoppel applies on a claim-by-claim basis, and thus a claim not challenged in IPR would not be subject to estoppel in district court.<sup>133</sup> While for a time, no federal court had issued an opinion squarely analyzing this situation in the § 315(e)(2) context, the Federal Circuit and the PTAB have analyzed estoppel under § 315(e)(1), a closely-related statute, and the opinions are instructive on the scope of estoppel under § 315(e)(2).

Given the analogous provisions of §§ 315(e)(1) and 315(e)(2), it appeared uncontroverted that estoppel under § 315(e)(2) is also limited to claims actually challenged in an IPR. The Federal Circuit has made clear that estoppel under 315(e)(1) extends only to those patent claims actually challenged in an IPR, and the PTAB has similarly held that estoppel under § 315(e)(1) applies only to claims

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<sup>128</sup> 37 C.F.R. §42.108; *see also* BioDelivery Sci. Int'l, Inc. v. Aquestive Therapeutics, Inc., 898 F.3d 1205, 1209 (Fed. Cir. 2018) (“We agree that *SAS* requires institution on all challenged claims and all challenged grounds.”); *Wi-LAN Inc. v. LG Elecs., Inc.*, 421 F. Supp. 3d 911, 923-26 (S.D. Cal. 2019); *In the Matter of Certain Memory Modules and Components Thereof*, Inv. No. 337-TA-1089, USITC Pub. 691758, at 104-112 (Oct. 21, 2019) (Initial Determination). *See generally* *SAS*, 138 S. Ct. 1348 (2018).

<sup>129</sup> *Wi-Lan*, 421 F. Supp. 3d at 925-26.

<sup>130</sup> *In the Matter of Certain Memory Modules and Components Thereof*, Inv. No. 337-TA-1089, USITC Pub. 691758, at 104-112 (Oct. 21, 2019) (Initial Determination).

<sup>131</sup> *Cal. Inst. Of Tech. v. Broadcom Ltd.*, 25 F.4th 976, 991 (Fed. Cir. 2022) (describing *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016)).

<sup>132</sup> *Id.*

<sup>133</sup> 35 U.S.C. § 315(e)(2) (“The petitioner in an inter partes review of a *claim* in a patent . . . may not assert . . . that the *claim* is invalid.....”) (emphases added).

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actually challenged in the prior IPR.<sup>134</sup> In *Uniloc 2017 LLC v. Facebook Inc.*,<sup>135</sup> for example, the Federal Circuit held that the defendant was not estopped from challenging a claim in a subsequent IPR because the claim was not at issue in a prior IPR, even though other claims of the patent were.<sup>136</sup>

**b. Types of prior art references**

The scope of challenges and prior art available to petitioners in IPR and PGR proceedings differs under their respective statutes. IPRs are limited to challenging unpatentability based on “patents or printed publications,”<sup>137</sup> whereas PGRs allow for broader grounds of unpatentability. PGRs may be requested on any ground that could be raised under § 282(b)(2) or (3), which includes any condition for patentability specified in Part II of Title 35.<sup>138</sup> The broader scope of prior art in PGRs also results in broader estoppel, which is governed by the same “reasonably could have raised” language as the IPR statute.<sup>139</sup>

**c. Whether newly-discovered prior art could have been found earlier**

**i. Burden of proof**

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<sup>134</sup> 35 U.S.C. § 315(e)(1).

<sup>135</sup> See *Uniloc*, 989 F.3d at 1030; *Credit Acceptance*, 859 F.3d at 1052; *Intuitive Surgical*, 2020 WL 594140, at \*5.

<sup>136</sup> *Uniloc*, 989 F.3d at 1030.

<sup>137</sup> 35 U.S.C. §311(b).

<sup>138</sup> 35 U.S.C. §§321(b), 282(b)(2).

<sup>139</sup> 35 U.S.C. § 325(e)(2) (“Civil actions and other proceedings.--The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or ***reasonably could have raised*** during that post-grant review.”) (emphasis added).

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Most district courts have held that the burden of proof under §§ 315(e)(2) and 325(e)(2) lies with the party asserting statutory estoppel.<sup>140</sup> This means that, in litigation between a patentee and a defendant who used an IPR or IPR proceeding, the burden of proof falls on the patentee.<sup>141</sup>

At least one court, however, has recently conveyed in dicta a different view regarding the burden of proof in the statutory estoppel context.<sup>142</sup> In *General Access Solutions, Ltd. v. Sprint Spectrum L.P.*, the court decided that the defendant should bear the burden of demonstrating that it is not seeking an unfair second bite at the apple.<sup>143</sup> This view has not been adopted by any other court.

## ii. A question of fact

Courts determine whether an IPR petitioner reasonably could have raised a ground as a question of fact, based on whether the petitioner knew about or reasonable could have found the prior art patent or printed publication by diligent search.<sup>144</sup> In *Palomar Technologies, Inc. v. MRSI Systems, LLC*, the court denied a motion for summary judgment based on §315(e)(2) because questions of fact remained about whether a diligent searcher would have found a reference.<sup>145</sup> Similarly, in *Clearlamp, LLC v. LKQ Corp.*, the court found factual issues remained about whether a skilled searcher would have found information disclosed in datasheets.<sup>146</sup>

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<sup>140</sup> See, e.g., *Wasica Fin. GmbH v. Schrader Int'l, Inc.*, 432 F. Supp. 3d 448 (D. Del. 2020), *appeal dismissed*, No. 2020-2124, 2020 WL 8374870 (Fed. Cir. Sept. 24, 2020); *Palomar Techs., Inc. v. MRSI Sys., LLC*, No. CV 18-10236-FDS, 2020 WL 2115625 (D. Mass. May 4, 2020), *appeal withdrawn*, No. 2020-1913, 2020 WL 7382538 (Fed. Cir. Dec. 15, 2020); *CliniComp Int'l, Inc. v. Athenahealth, Inc.*, No. A-18-CV-00425-LY, 2020 WL 7011768 (W.D. Tex. Oct. 28, 2020); *Medline Indus., Inc. v. C.R. Bard, Inc.*, No. 17 C 7216, 2020 WL 5512132 (N.D. Ill. Sept. 14, 2020); *Vaporstream, Inc. v. Snap Inc.*, No. 17-cv-00220, 2020 WL 136591 (C.D. Cal. Jan. 13, 2020); *Clearlamp, LLC v. LKQ Corp.*, No. 12-cv-2533, 2016 WL 4734389, at \*9 (N.D. Ill. Mar. 18, 2016); *GREE, Inc. v. Supercell Oy*, No. 19-CV-00071, 2019 WL 5677511, at \*4 (E.D. Tex. Oct. 30, 2019) (patentee asserting estoppel under 325(e)(2)).

<sup>141</sup> *In re Koninklijke Philips Pat. Litig.*, No. 18-CV-01885, 2020 WL 7392868 (N.D. Cal. Apr. 13, 2020).

<sup>142</sup> Order on Motion to Strike Contentions, *Gen. Access Sols., Ltd. v. Sprint Spectrum L.P.*, No. 20-cv-00007 (E.D. Tex. Dec. 1, 2020), ECF No. 128.

<sup>143</sup> *Id.* at 7 n.3.

<sup>144</sup> *M-I LLC v. FPUSA, LLC*, No. 15-cv-00406, at 28 (W.D. Tex. Aug. 20, 2020), ECF No. 215; *Palomar*, 373 F. Supp. 3d 322, 331 (D. Mass. 2019); cf. *Clearlamp*, 2016 WL 4734389, at \*8-9 (“[Plaintiff] must present evidence that a skilled searcher’s diligent search would have found the [newly raised reference]. One way to show what a skilled search would have found would be (1) to identify the search string and search source that would identify the allegedly unavailable prior art and (2) present evidence, likely expert testimony, why such a criterion would be part of a skilled searcher’s diligent search.”).

<sup>145</sup> *Palomar*, 373 F. Supp. 3d at 331–32.

<sup>146</sup> *Clearlamp*, 2016 WL 4734389, \*7-10.

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In *GREE, Inc. v. Supercell Oy*, a district court initially declined to find estoppel applied based on prior art that a petitioner actually knew about or that a skilled searcher conducting a diligent search reasonably could have been expected to discover, where the issue came to the court on a motion to strike.<sup>147</sup> The court commented that a motion to strike was not the proper vehicle to challenge the sufficiency of the defendant's evidence.<sup>148</sup> Later, when considering the issue on a motion for partial summary judgment, the court found that estoppel applied even though the defendant did not conduct a prior art search before filing its petition for PGR, because the defendant reasonably could have raised the grounds on which it wanted to rely in its defense.<sup>149</sup>

### iii. Estoppel and joinder

PTAB proceedings involving joinder present unique circumstances with respect to the application of statutory estoppel in district court. In a November 2020 decision, the Federal Circuit concluded that a party that joined an IPR was not estopped from asserting in district court invalidity grounds that were not part of the IPR proceeding the party had joined.<sup>150</sup> The court explained that “according to the statute, a party is only estopped from challenging claims in the final written decision based on grounds that it ‘raised or reasonably could have raised’ during the IPR.”<sup>151</sup> And “[b]ecause a joining party cannot bring with it grounds other than those already instituted, that party is not statutorily estopped from raising other invalidity grounds.”<sup>152</sup>

### iv. Appropriate timing and procedural vehicles for asserting estoppel

Recent court decisions suggest that statutory estoppel should be asserted at the summary judgment stage. In *GREE*, the court denied the plaintiff's motion to strike the defendant's invalidity defenses, observing that summary judgment was the proper way to resolve the evidentiary issues raised by statutory estoppel.<sup>153</sup> Similarly, in *Pavo Solutions LLC v. Kingston Technology Co.*, the court found that

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<sup>147</sup> *GREE, Inc. v. Supercell Oy*, No. 19-CV-00071, 2019 WL 5677511, at \*4-5 (E.D. Tex. Oct. 30, 2019) (denying plaintiff's motion to strike invalidity defense); *GREE, Inc. v. Supercell Oy*, 2020 WL 4999689 (E.D. Tex. July 9, 2020) (recommending granting plaintiff's motion for partial summary judgment on invalidity defenses), *report and recommendation adopted*, 2020 WL 4937111 (E.D. Tex. Aug. 24, 2020).

<sup>148</sup> *Id.* at \*5.

<sup>149</sup> *GREE, Inc. v. Supercell Oy*, No. 19-CV-00071, 2020 WL 4999689, at \*1, \*5 (E.D. Tex. July 9, 2020), *report and recommendation adopted*, No. 19-CV-00071, 2020 WL 4937111 (E.D. Tex. Aug. 24, 2020).

<sup>150</sup> *Network-1 Techs., Inc. v. Hewlett-Packard Co.*, 981 F.3d 1015, 1027 (Fed. Cir. 2020) (concluding that the defendant, which had joined an already-instituted IPR, was not statutorily estopped from challenging some patent claims based on non-instituted grounds because they were not grounds that “reasonably could have [been] raised”).

<sup>151</sup> *Id.* at 1027.

<sup>152</sup> *Id.*

<sup>153</sup> *GREE, Inc. v. Supercell Oy*, No. 19-CV-00071, 2019 WL 5677511 (E.D. Tex. Oct. 30, 2019) (denying plaintiff's motion to strike invalidity defense).



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the appropriate stage to weigh the sufficiency of evidence to support a claim or defense is at summary judgment, and not a motion *in limine*.<sup>154</sup>

Courts have also disfavored asserting statutory estoppel in opposition to a defendant's motion for leave to amend its invalidity contentions, as demonstrated in *In re RAH Color Technologies LLC Patent Litigation*.<sup>155</sup> The majority of courts that have applied statutory estoppel have done so at the summary judgment stage because of the evidentiary issues involved.<sup>156</sup>

Another timing consideration relates to when invalidity contentions are submitted in district court relative to the filing of a challenge at the PTAB, as shown in *Snyders Heart Valve v. St. Jude Medical*, where the court granted the plaintiff's motion for summary judgment of no invalidity because the defendant had actual knowledge of the prior art before filing its IPR petition.<sup>157</sup>

### v. Third parties

IPR challenges brought by a third-party petitioner operating at arms-length from the defendant do not generally result in statutory estoppel against the defendant because the defendant is not a "real party in interest or privy of the petitioner."<sup>158</sup> The plaintiff in *Finjan, Inc. v. Cisco Systems, Inc.* argued that estoppel should apply against a defendant because of its "active involvement with the joint defense group that continually harasses [plaintiff] with IPR challenges."<sup>159</sup> But the plaintiff stopped short of alleging that the defendant was a "party in interest or privy of a petitioner" in any non-defendant IPRs.<sup>160</sup> Under such circumstances, the court declined to estop grounds raised in IPRs in which the defendant took no part.<sup>161</sup>

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<sup>154</sup> Pavo Sols. LLC v. Kingston Tech. Co., Inc., No. 14-cv-01352, 2020 WL 1049911, at \*1 (C.D. Cal. Feb. 18, 2020).

<sup>155</sup> No. 18-md-02874, 2021 WL 1197478, at \*4 (N.D. Cal. Mar. 30, 2021); *see also* *Finjan, Inc. v. Cisco Sys. Inc.*, No. 17-cv-00072, 2020 WL 532991 (N.D. Cal. Feb. 3, 2020).

<sup>156</sup> *See, e.g.*, *Microchip Tech. Inc. v. Aptiv Servs. US LLC*, No. 17-cv-01194, 2020 WL 4335519, at \*4 (D. Del. July 28, 2020); *SPEX Techs. Inc v. Kingston Tech. Corp.*, No. SACV 16-01790, 2020 WL 4342254, at \*15 (C.D. Cal. June 16, 2020); *Palomar*, 373 F. Supp. 3d at 332; *cf. Wasica*, 432 F. Supp. 3d 448.

<sup>157</sup> *Snyders Heart Valve LLC v. St. Jude Med.*, No. CV 18-2030 (JRT/DTS), 2020 WL 1445835, at \*7-8 (D. Minn. Mar. 25, 2020).

<sup>158</sup> 35 U.S.C. § 315(e)(2).

<sup>159</sup> 2020 WL 532991, at \*3.

<sup>160</sup> *Id.*

<sup>161</sup> The *Finjan* case is also notable for its rejection of plaintiff's assertion that, because the PTAB had declined to institute an IPR, defendant's prior art that served as the basis for the petition was "inferior" and warranted the granting of estoppel. The court rejected this argument as an attempt to expand the breadth of IPR estoppel that was "contrary to the statute's clear language." *Id.* at \*3.

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## 2. Analysis of recent rulings regarding estoppel flowing from the PTAB

When a defendant asserts an anticipation or obviousness defense using a prior art product or system (“product prior art”), it may require a nuanced analysis to determine whether the art could have been reasonably raised during an IPR. Federal courts have generally declined motions to estop product prior art, but some have expressed willingness to apply estoppel if the product is completely cumulative of information contained in patents or printed publications. The Federal Circuit has not yet addressed how statutory estoppel under § 315(e)(2) applies to product prior art, but several district courts have weighed in on the issue with different views. Some district courts hold that a defendant can always use a product in asserting an invalidity defense because the text of the statute prevents use of the product in an IPR,<sup>162</sup> while others apply greater scrutiny and focus on whether the product is a “superior and separate” reference or “substantively, germanely different.”<sup>163</sup> The courts applying greater scrutiny considered whether accused infringers are trying to get a second bite at the apple with essentially the same reference.<sup>164</sup>

### i. Decisions that have limited estoppel to patents and printed publications

Several courts have drawn a bright line and apply estoppel narrowly only to patents and printed publications.<sup>165</sup> These courts hold that the defendant may always use a product in an invalidity defense. In *Zitovault, LLC v. IBM Corporation*, for example, the court held that estoppel could not apply because the defendants “could not have raised prior art systems, such as products and software, during IPR proceedings.”<sup>166</sup> In *Polaris Industries, Inc. v. Arctic Cat Inc.*, the court allowed the defendant to proceed with obviousness combinations that included prior art vehicles, even though the manuals for those vehicles arguably could have been raised in the IPR.<sup>167</sup> Similarly, the court in *Microchip Technology, Inc. v. Aptiv Services US LLC* noted that the IPR statute “does not estop references based on physical prior art, whether standing alone or in combination with a printed reference.”<sup>168</sup> The court further noted that “[o]n its face, this rule exempts from the IPR estoppel” defendant’s use of references based at least in part on products.<sup>169</sup> Ultimately, the court declined to

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<sup>162</sup> *Zitovault, LLC v. IBM Corp.*, No. 16-cv-0962, 2018 WL 2971178, at \*4 (N.D. Tex. Apr. 4, 2018).

<sup>163</sup> *Compare* *Star Envirotech, Inc. v. Redline Detection, LLC*, No. 12-cv-01861, 2015 WL 4744394, at \*2, \*4 (C.D. Cal. Jan. 29, 2015); *Microchip Tech.*, 2020 WL 4335519, at \*4 *with* *Oil-Dri*, 2019 WL 861394, at \*10.

<sup>164</sup> *See, e.g.*, *Cal. Inst. of Tech. v. Broadcom Ltd.*, No. 16-cv-03714, 2019 WL 8192255, at \*11 (C.D. Cal. Aug. 9, 2019); *SPEX Techs.*, 2020 WL 4342254, at \*15; *Oil-Dri Corp. of Am. v. Nestle Purina Petcare Co.*, No. 15-cv-1067, 2019 WL 861394, at \*10 (N.D. Ill. Feb. 22, 2019).

<sup>165</sup> *Zitovault*, 2018 WL 2971178, at \*4; *Polaris Indus., Inc. v. Arctic Cat Inc.*, No. 15-cv-4475, 2019 WL 3824255, at \*3 (D. Minn. Aug. 15, 2019).

<sup>166</sup> *Zitovault*, 2018 WL 2971178, at \*4.

<sup>167</sup> 2019 WL 3824255, at \*3.

<sup>168</sup> *Microchip Tech.*, 2020 WL 4335519, at \*4.

<sup>169</sup> *Id.*



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estop the defendant's use of products because a factual dispute existed about whether the product was cumulative of the written prior art.<sup>170</sup>

**ii. Decisions that have applied the “superior and separate” reference test**

Some courts view product prior art as a “superior and separate” reference when it discloses relevant features not found in patents or printed publications. For example, in the Central District of California, the court in *Star Envirotech, Inc. v. Redline Detection, LLC* declined to estop the use of product prior art, stating that it was a “superior and separate” reference because a manual lacked relevant details of claim elements that were provided by an inspection of the product.<sup>171</sup> The “superior and separate reference” test was also used in the Northern District of Illinois to reject a patent owner's estoppel argument related to invalidity contentions involving a bicycle chainring.<sup>172</sup> The plaintiff argued for estoppel, contending that photographs of the chainring in a magazine article could have been used during the IPR.<sup>173</sup> The court applied the “superior and separate reference” test, holding that estoppel did not apply because the photographs in the article did not show the chainring “at an appropriate angle or in enough detail to show its relevant feature.”<sup>174</sup>

**iii. Decisions that have focused on whether the defendant is attempting to cloak a reference**

In rejecting *Star Envirotech's* “superior and separate” approach, the court in *California Institute of Technology v. Broadcom Ltd.* explained that the analytical focus should be on whether the defendant is “simply swapping labels for what is otherwise a patent or printed publication . . . in order to ‘cloak’ . . . and ‘skirt’ estoppel.”<sup>175</sup> Nearly a year later, in the same district and applying similar logic, the court in *SPEX Technologies, Inc. v. Kingston Technology Corp.* stated that the focus should be on whether the non-printed publications or patents present something “substantively, germanely different” than an invalidity theory based solely on patents or printed publications that could have been raised during the IPR.<sup>176</sup> In yet another case from the same district, the court in *DMF, Inc. v. AMP Plus, Inc.* rejected the “superior and separate” test in favor of the less-stringent “separate, germanely different” approach. The court determined that the former applies “a higher standard than is contemplated by the IPR statute and ‘would likely extend the reach of statutory IPR estoppel

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<sup>170</sup> *Id.*

<sup>171</sup> *Star Envirotech*, 2015 WL 4744394, at \*4.

<sup>172</sup> Order on Motion for Summary Judgment, *SRAM, LLC v. RFE Holding (Can.) Corp.*, No. 15-cv-11362, at 7 (N.D. Ill. Jan. 25, 2019), ECF No. 102.

<sup>173</sup> *Id.* at 11.

<sup>174</sup> *Id.* at 11-12.

<sup>175</sup> *Cal. Inst. of Tech.*, 2019 WL 8192255, \*7 (quoting *Clearlamp*, 2016 WL 4734389, at \*8).

<sup>176</sup> *SPEX Techs.*, 2020 WL 4342254, at \*15.

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beyond its intended scope.”<sup>177</sup> The court then found that the defendant was not estopped from asserting the product prior art because it was “substantively, germanely different” from the disclosures in the product catalog.<sup>178</sup> Courts outside the Central District of California have also considered whether the defendant is “simply swapping labels.” For example, a court in the Northern District of Illinois explained that a defendant “cannot avoid estoppel simply by pointing to [a] finished product (rather than [corresponding] printed materials) during litigation.”<sup>179</sup>

#### iv. Decisions that have applied estoppel to product prior art

Although several courts had concluded that statutory estoppel might apply to product prior art, none had estopped a defendant’s use of product prior art until the District of Delaware did so in early 2020.<sup>180</sup> In *Wasica Finance GmbH v. Schrader International, Inc.*, the defendant had petitioned for IPR on grounds based on an Italian patent. In a final written decision, the PTAB concluded that the challenged claim was not unpatentable over the Italian patent.<sup>181</sup> In the parallel civil action, the defendant asserted invalidity using the same Italian patent but in view of other patents or printed publications and a physical product: a car sensor. In the court’s view, a printed publication disclosed all relevant features of the car sensor. Accordingly, the court found that under § 315(e)(2), the petitioner was estopped from proceeding in litigation on grounds available in the IPR, even if the specific evidence (the physical car sensor) was not available in the IPR proceeding. Thus, the court estopped the defendant from using the physical prior art and granted plaintiff’s motion for summary judgment.<sup>182</sup>

\* \* \*

One final point related to estoppel and physical prior art warrants discussion. Though § 315(e)(2) precludes in subsequent litigation the use of grounds available during IPR based on patents and printed publications, courts often allow a defendant to use otherwise-estopped patents or printed publications to explain prior art products.<sup>183</sup> District court opinions suggest that otherwise estopped-prior-art may be used as evidence to explain the relevant features of the physical prior art rather than as stand-alone evidence of the ground.<sup>184</sup> For example, in *SiOnyx, LLC v. Hamamatsu Photonics K.K.*, the court allowed the defendant’s expert to rely on a printed publication because it was merely

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<sup>177</sup> Order on Motion for Summary Judgment, *DMF, Inc. v. AMP Plus, Inc.*, No. 18-cv-07090, at \*6 (C.D. Cal. May 5, 2021), ECF No. 558.

<sup>178</sup> *Id.* at \*8.

<sup>179</sup> *Oil-Dri*, 2019 WL 861394, at \*10.

<sup>180</sup> *Wasica*, 432 F. Supp. 3d at 454.

<sup>181</sup> *Id.*

<sup>182</sup> *Id.* at 455.

<sup>183</sup> See *SiOnyx, LLC v. Hamamatsu Photonics K.K.*, 330 F. Supp. 3d 574 (D. Mass. 2018); *Palomar Techs., Inc.*, 373 F. Supp. 3d at 332.

<sup>184</sup> *Id.*

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“evidence of how the product is configured, how it is made, and how it works.”<sup>185</sup> Similarly, a year later and in the same district, the court in *Palomar Technologies, Inc. v. MRSI Systems, LLC* declined a motion to estop defendant’s use of prior art product manuals because they served as evidence of relevant features of the product rather than a stand-alone ground.<sup>186</sup> Taking a somewhat different view, the Eastern District of Texas stated that even if a prior art system could be used, if the “system prior art relies on or is based on patents or printed publications that . . . would otherwise be estopped, then [the defendant] should be estopped from presenting those patents and printed publications at trial.”<sup>187</sup>

#### v. Application of estoppel to a prevailing party

The plain text of the IPR estoppel statute appears agnostic as to whether it applies to prevailing and non-prevailing IPR petitioners who receive a final written decision from the PTAB.<sup>188</sup> That is, the statute does not distinguish between petitioners based on the outcome of the IPR. Nonetheless, the District of New Jersey noted that applying estoppel *against* a defendant on the same grounds on which it had been successful during the IPR runs contrary to Congressional intent.<sup>189</sup> The plaintiff in *BTG International Limited v. Amneal Pharmaceuticals LLC* argued that estoppel should apply against the defendants with respect to prior art on which they *prevailed* at the PTAB.<sup>190</sup> But the court determined that it could not accept “that Congress intended to require a party to stand mute in court because it previously prevailed on the same issue before the PTAB.”<sup>191</sup> Acknowledging that the case law contains no deep analysis of the issue, the court determined that it “appears to reflect the concept that only unsuccessful or unsubmitted arguments are subsequently barred.”<sup>192</sup> Ultimately, the court declined to estop the defendants’ invalidity grounds on which they had prevailed before the PTAB.<sup>193</sup>

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<sup>185</sup> *SiOnyx*, 330 F. Supp. 3d at 604.

<sup>186</sup> *Palomar Techs., Inc.*, 373 F. Supp. 3d at 332.

<sup>187</sup> *Biscotti Inc. v. Microsoft Corp.*, No. 13-cv-01015, 2017 WL 2526231, at \*8 (E.D. Tex. May 11, 2017)

<sup>188</sup> 35 U.S.C. § 315(e)(2).

<sup>189</sup> *BTG Int'l Ltd. v. Amneal Pharms. LLC*, 352 F. Supp. 3d 352, 374 n.13 (D.N.J. 2018).

<sup>190</sup> *Id.*

<sup>191</sup> *Id.*

<sup>192</sup> *Id.* (citing *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 271 F. Supp. 3d 990, 1027 (E.D. Wis. 2017) (“Section 315(e)(2) prohibits an unsuccessful IPR petitioner from asserting in the district court ‘that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.’”).

<sup>193</sup> *Id.* at 383-89 (finding that the patent was invalid because of obviousness).

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## **C. ESTOPPEL AT THE ITC**

### **1. ITC determinations of infringement, validity, and/or enforceability are for purposes of Section 337 only**

The ITC has various permutations of determinations, each with its own precedential effect and appealability. Whether a Commission decision has binding effect depends on what the Commission did with the ALJ's initial determination. If the Commission takes no position on the issue, the ALJ's findings are not binding in future ITC investigations and cannot be appealed.<sup>194</sup> But if the Commission renders findings on an issue, those findings are typically precedential within the ITC and can be appealed.

ITC decisions on patent issues do not have preclusive effects on district courts, but district courts can attribute persuasive value on prior ITC decisions.<sup>195</sup> ITC determinations on unfair acts, such as trademark infringement or trade secret misappropriation, can have issue and claim preclusive effects in district court,<sup>196</sup> although the *Swagway* case has injected uncertainty regarding this practice.<sup>197</sup>

Even when the rulings of the ITC do not bind the district court, they can serve as persuasive evidence. The Federal Circuit recognizes that a subsequent panel will have powerful incentives not to deviate from prior holdings,<sup>198</sup> and if claim constructions vary between ITC and district court proceedings the Federal Circuit's findings upon review of an earlier ITC decision will receive a "strong presumption of correctness."<sup>199</sup>

### **2. Interplay between ITC and IPR Proceedings**

#### **a. Timing considerations and motions to stay**

In district court infringement cases, a motion to stay pending the completion of an IPR is frequently granted. The PTAB and district court timelines become less relevant because the district court case will resume only after the PTAB's final written decision. But the ITC has been less willing to grant a motion to stay in light of a parallel IPR. The ITC evaluates a motion to stay using a five-factor test,

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<sup>194</sup> *Align Tech., Inc. v. ITC*, 771 F.3d 1317, 1326 n.10 (Fed. Cir. 2014) ("We do not address whether 'any other articles manufactured' in the Consent Order covers the accused digital data sets. The Commission took no position on this issue, J.A. 72, and we do not sit to review what the Commission has not decided.").

<sup>195</sup> *Texas Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996).

<sup>196</sup> *Mahindra & Mahindra Ltd. V. FCA US LLC*, No. 18-CV-12645, 2020 WL 5960700 (E.D. Mich. Oct. 8, 2020).

<sup>197</sup> *Swagway, LLC v. ITC*, 2018-1672, at 13 (Fed. Cir. May 9, 2019).

<sup>198</sup> *Texas Instruments, Inc.*, 90 F.3d at 1569.

<sup>199</sup> *Alloc, Inc. v. Norman D. Lifton Co.*, 2007 WL 2089303 at \*11 (S.D.N.Y. 2007).

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and this evaluation rarely results in the granting of the motion.<sup>200</sup> The duration of a Section 337 ITC case, relative to that of an ongoing IPR for the patents at issue, weighs heavily in the ITC's determination.

Both a Section 337 case at the ITC and an IPR before the PTAB constitute expedited proceedings with statutory obligations for timeliness. The ITC manages to complete the average Section 337 case in 15 to 18 months.<sup>201</sup> The ITC's fastest Section 337 determination on the merits in any particular year has never exceeded 9 months.<sup>202</sup> In *Certain Memory Modules*, ALJ Bullock rejected a motion to stay pending a concurrent IPR, citing Congress's timeliness mandate and the Commission's policy for "expeditious" investigations.<sup>203</sup>

The PTAB typically moves at a slower pace, with a statutory deadline of up to 18 months from institution to final written decision for completing an IPR.<sup>204</sup> Indeed, many ITC Section 337 investigations have completed shortly before or after the issuance of final written decision in an IPR proceeding.<sup>205</sup>

#### **b. Inconsistent outcomes between PTAB and ITC**

The ITC and the PTAB may reach different conclusions on patent validity. In *Certain Network Devices, Related Software and Components Thereof (II)*, the Commission found that respondent Arista violated Section 337,<sup>206</sup> but the PTAB later found the asserted claims unpatentable in concurrent IPR proceedings. The ITC refused to rescind its remedial orders until the PTAB decisions had been affirmed by the Federal Circuit.<sup>207</sup> In the earlier case *Three-Dimensional Cinema Systems*, however, the ITC deferred to the PTAB's invalidity decision, but did not apply issue preclusion.<sup>208</sup> Nonetheless, it discretionarily suspended enforcement of its remedial orders "in light of the advanced posture of the IPR proceeding."<sup>209</sup> In the later *Certain Network Devices* case, the court distinguished *Three-*

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<sup>200</sup> See, e.g., *Certain Memory Modules*, Inv. No. 337-TA-1089, Order No. 49 (Apr. 11, 2019).

<sup>201</sup> *Section 337 Statistics: Average Length of Investigations*, USITC (Apr. 16, 2021), [https://www.usitc.gov/intellectual\\_property/337\\_statistics\\_average\\_length\\_investigations.htm](https://www.usitc.gov/intellectual_property/337_statistics_average_length_investigations.htm).

<sup>202</sup> *Id.*

<sup>203</sup> *Memory Modules*, Inv. No. 337-TA-1089, Order No. 49 (Apr. 11, 2019) at 2.

<sup>204</sup> 35 U.S.C. §§ 314, 316(a)(11).

<sup>205</sup> See, e.g., *Certain Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, Comm'n Op. (Apr. 9, 2019).

<sup>206</sup> *Certain Network Devices, Related Software and Components Thereof (II)*, Inv. No. 337-TA-945, Comm'n Op. (Jul. 12, 2018).

<sup>207</sup> *Network Devices, Related Software and Components Thereof (II)*, USITC Pub. 4910 (June 2019).

<sup>208</sup> *Certain Three-Dimensional Cinema Systems and Components Thereof*, Inv. No. 337-TA-939, Comm'n Op. at 53-56 (Aug. 23, 2016).

<sup>209</sup> *Id.* at 60.

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*Dimensional Cinema Systems* by articulating that the Commission had not yet issued remedial orders before suspending enforcement and that relief was still offered on the basis of other patents.<sup>210</sup>

Since then, the ITC has generally chosen to enforce injunctive relief until the Federal Circuit affirms any PTAB invalidity ruling, as seen in *Certain Dental Implants*.<sup>211</sup> In that case, the ITC delayed suspending the enforcement of exclusion orders while the patent owner appealed the PTAB invalidity ruling to the Federal Circuit, resulting in a 16 month window during which the ITC enforced injunctive relief for what the Federal Circuit eventually deemed an invalid patent.<sup>212</sup>

**c. Scope of 35 U.S.C. § 315(e)(2) estoppel excludes OUII**

The Commission rejected the use of common law collateral estoppel in *Three-Dimensional Cinema Systems*, stating that it does not apply to the PTAB decisions on patent invalidity because, at the time, “[t]he PTAB and the Commission appl[ied] different legal standards.”<sup>213</sup>

Nevertheless, IPR estoppel under 35 U.S.C. § 315(e)(2) can still prevent respondents from making invalidity arguments after a final written decision from the PTAB.<sup>214</sup> This estoppel only applies after the PTAB has issued its decision,<sup>215</sup> meaning respondents can still argue invalidity until that point.

In *Certain Magnetic Tape Cartridges and Components Thereof*, where the respondent presented invalidity arguments that were also raised in a concurrent IPR proceeding,<sup>216</sup> the ALJ avoided the issue of whether Fujifilm faced IPR estoppel by concluding that “the statute does not prevent Staff from raising the references in this investigation, which it did.”<sup>217</sup> The ALJ’s interpretation that IPR estoppel excludes ITC staff might have limited effect, because in practice, respondent can still present evidence and arguments to the ALJ and Office of Unfair Import Investigations until the PTAB issues its final written decision.<sup>218</sup>

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<sup>210</sup> Network Devices, Related Software and Components Thereof (II), Inv. No. 337-TA-945, Comm’n Op. (Aug. 16, 2017) at 13-14.

<sup>211</sup> *Certain Dental Implants*, Inv. No. 337-TA-934, Comm’n Op. (May 11, 2016).

<sup>212</sup> *Id.*

<sup>213</sup> *Three-Dimensional Cinema Systems and Components Thereof*, Inv. No. 337-TA-939, Comm’n Op. (Aug. 23, 2016) at 53.

<sup>214</sup> 35 U.S.C. § 315(e)(2).

<sup>215</sup> *Id.*

<sup>216</sup> *Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, Comm’n Op. (Apr. 9, 2019).

<sup>217</sup> *Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058, *Init. Det.* (Aug. 18, 2018) at 107.

<sup>218</sup> *Id.*



## *V. Real Party-in-Interest and Privity*

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### **A. IDENTIFYING REAL PARTY-IN-INTEREST AND PRIVITY**

Real parties-in-interest and privies must be identified in USPTO post-grant proceedings. Failure to do so can make the proceedings unavailable.<sup>219</sup> Identification is also necessary when applying estoppels resulting from PTAB proceedings inside and outside the USPTO.<sup>220</sup> Importantly, identifying all RPIs and privies early in litigation can prevent gamesmanship and circumvention of the window to seek PTAB proceedings.<sup>221</sup>

The PTAB may engage in inquiries regarding RPI and privity, but district courts are better equipped to resolve complex disputes involving third parties. In this regard, the best evidence on the issues of RPI and privity, such as who funded and controlled the drafting and filing of the petition, may be easier to determine through discovery. To be useful, such discovery and any findings by the district court on RPI and privity issues must be made before the PTAB is required to issue its decision on institution and preferably before the deadline for the patent owner's preliminary response.

#### **1. Real party-in-interest**

The RPI/privity analysis is determined case-by-case.<sup>222</sup> The RPI analysis focuses on the relationship between the party and the PTAB proceeding, whereas privity considers the relationship between the party and the petitioner.<sup>223</sup> Various factors are relevant to the analysis.

To decide whether a party other than the petitioner is the RPI, the Board considers if an unnamed party has influenced the petitioner's actions to the extent that they would be considered a formal co-petitioner.<sup>224</sup> Funding, directing, and controlling an IPR or PGR petition or proceeding constitutes

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<sup>219</sup> 35 U.S.C. §§ 315(a)(1), 315(b), 325(a)(1).

<sup>220</sup> 35 U.S.C. §§ 315(e)(2), 325(e)(2).

<sup>221</sup> *Cf. In re MCM Portfolio, LLC*, 554 F. App'x 944, 945 (Fed. Cir. 2014) (denying writ of mandamus *without prejudice* where MCM sought relief from institution on privity grounds).

<sup>222</sup> *Ventex Co. v. Columbia Sportswear N. Am., Inc.*, IPR2017-00651, Paper 148 at 6 (PTAB Jan. 24, 2019) (Paper 148) (precedential) (citing Office Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012)).

<sup>223</sup> *Aruze Gaming Macau, Ltd. v. MGT Gaming, Inc.*, No. IPR2014-01288, Paper No. 13 at 13 (P.T.A.B. Feb. 20, 2015).

<sup>224</sup> Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, at 48,759-60 (Aug. 14, 2012); *Aruze Gaming Macau*, No. IPR2014-01288, Paper No. 13 at 12; *see Wi-Fi One, LLC v. Broadcom Corporation*, 887 F.3d 1329, 1336 (Fed. Cir. 2018).

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an RPI,<sup>225</sup> but providing prior art,<sup>226</sup> paying counsel fees,<sup>227</sup> having mutual interest in the outcome,<sup>228</sup> using the same counsel,<sup>229</sup> or having a business relationship<sup>230</sup> are not sufficient.

In *RPX Corp.*, the PTAB found that Apple was an unnamed RPI with the petitioner RPX in seven IPRs,<sup>231</sup> leading to the denial of the petitions as time-barred.<sup>232</sup> The PTAB distinguished the *RPX* decision in *Unified Patents*, determining that “membership in a trade association does not make an entity automatically a real party-in-interest to a petition filed by the trade association.”<sup>233</sup>

## 2. Privity

The Trial Practice Guide recognizes “[t]he notion of ‘privity’ is more expansive, encompassing parties that do not necessarily need to be identified in the petition as a ‘real party-in-interest,’”<sup>234</sup> but it is still limited by the Supreme Court’s caution against nonparty preclusion, subject to some exceptions.<sup>235</sup> While a petition need not identify of privies, it must certify that the petitioner is not barred or estopped from challenging the patent claims on the grounds identified in the petition.<sup>236</sup>

Privity focuses on relationships between parties that necessitate the application of collateral estoppel.<sup>237</sup> The Board relies on established federal case law in evaluating issues of privity and has

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<sup>225</sup> Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,760.

<sup>226</sup> *Sipnet EU S.R.O. v. Straight Path IP Group, Inc.*, No. IPR2013-00246, Paper No. 73 at 10 (P.T.A.B. May 23, 2016).

<sup>227</sup> *Id.* at 11.

<sup>228</sup> *See, e.g., Butamax Advanced Biofuels LLC v. Gevo, Inc.*, No. IPR2013-00215, Paper No. 10 at 4 (P.T.A.B. Sept. 30, 2013) (“[T]he mere fact that DuPont and Butamax may have a mutual interest in the Board’s review of the ’505 patent does not necessarily make DuPont a real party-in-interest.”)

<sup>229</sup> *Commissariat A L’Energie Atomique Et Aux Energies Alternatives v. Silicon Genesis Corp.*, No. IPR2016-00833, Paper No. 8 at 7 (P.T.A.B. Sept. 28, 2016).

<sup>230</sup> *Sipnet*, No. IPR2013-00246, Paper No. 73 at 11

<sup>231</sup> *RPX Corp. v. Virnetx Inc.*, Nos. IPR2014-00171, Paper No. 49 (P.T.A.B. Jun. 13, 2014).

<sup>232</sup> *Id.* at 3.

<sup>233</sup> *Unified Patents Inc. v. Dragon Intellectual Prop., LLC*, No. IPR2014-01252, Paper No. 37 at 12–13 (P.T.A.B. Jan. 5, 2015).

<sup>234</sup> Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012).

<sup>235</sup> *Atlanta Gas Light Company v. Bennett Regulator Guards, Inc.*, No. IPR2015-00826, Paper No. 31 at 17 (P.T.A.B. Aug. 19, 2016) (citing *Taylor v. Sturgell*, 553 U.S. 880, 892–93 (2008)).

<sup>236</sup> 37 C.F.R. § 42.104(a).

<sup>237</sup> “Privity is essentially a shorthand statement that collateral estoppel is to be applied in a given case . . . . The concept refers to a relationship between the party to be estopped and the unsuccessful party in the

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cited the Supreme Court's decision in *Taylor v. Sturgell*<sup>238</sup> as providing a framework for analysis. Control is a "common consideration" in the privity inquiry.<sup>239</sup>

Nonparty preclusion can only happen if the nonparty had a "full and fair opportunity to litigate."<sup>240</sup> An indemnification relationship alone is insufficient to find privity, but privity may be found if the indemnitor exercises or could have exercised control over the indemnitee's participation in a proceeding.<sup>241</sup> Analysis of any one of the Taylor factors can support a finding of privity.<sup>242</sup>

Section 315(b) imposes time bars on privies to "prevent successive challenges to a patent by those who previously have had the opportunity to make such challenges in prior litigation."<sup>243</sup> Federal Circuit Judge Reyna has explained: "privity is '[t]he connection or relationship between two parties, each having a legally recognized interest in the same subject matter (such as a transaction, proceeding, or piece of property).'"<sup>244</sup> Due process principles prohibit a litigant from taking a second bite at the apple by relitigating the same case through the persona of another, its privy, and from abusing the legal system.<sup>245</sup> If privity exists between a party to a second case and a party bound by an earlier judgment, the party to the second case is also bound by the earlier judgment.<sup>246</sup>

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prior litigation which is sufficiently close so as to justify application of the doctrine of collateral estoppel." 77 Fed. Reg. at 48,759 (quoting 154 CONG. REC. S9987 (daily ed. Sept. 27, 2008) (statement of Sen. Jon Kyl)).

<sup>238</sup> *Taylor v. Sturgell*, 553 U.S. 880 (2008).

<sup>239</sup> *Aruze Gaming Macau, Ltd. v. MGT Gaming, Inc.*, No. IPR2014-01288, Paper No. 13 at 14 (P.T.A.B. Feb. 20, 2015); 77 Fed. Reg. at 48,759.

<sup>240</sup> *Id.* at 13.

<sup>241</sup> *See, e.g.*, *Broadcom Corp. v. Telefonaktiebolaget LM Ericsson*, Nos. IPR2013-00601 et al., Paper No. 23 at 7 (P.T.A.B. Jan. 24, 2014) ("[W]hen a patent holder sues a dealer, seller, or distributor of an accused product, as is the case at hand, indemnity payments and minor participation in a trial are not sufficient to establish privity between the non-party manufacturer of the accused device and the defendant parties . . . ."); *Wavemarket Inc. v. LocationNet Sys. Ltd.*, No. IPR2014-00920, Paper No. 11 at 6–9 (P.T.A.B. Dec. 16, 2014) (finding that despite indemnification and joint defense agreements between the petitioner and defendants to a parallel litigation, there was insufficient evidence to demonstrate that the petitioner exercised control or could have exercised control over the parallel district court proceedings). *See, e.g.*, *Gen. Elec. Co. v. TransData, Inc.*, No. IPR2014-01380, Paper No. 34 at 12–13 (P.T.A.B. Apr. 15, 2015).

<sup>242</sup> *Ventex Co., Ltd. V. Columbia Sportswear North America, Inc.*, IPR2017-00651, Paper 152, 10-12 (PTAB Jan. 24, 2019).

<sup>243</sup> *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1319 (Fed. Cir. 2018); *AIT*, 897 F.3d at 1360 (Reyna, J., concurring).

<sup>244</sup> *AIT*, 897 F.3d at 1359 (Reyna, J., concurring) (quoting Privity, Black's Law Dictionary (10th ed. 2014)).

<sup>245</sup> *Id.* (Reyna, J., concurring).

<sup>246</sup> *Id.* at 1360 (Reyna, J., concurring) (citing *Richards v. Jefferson Cty.*, 517 U.S. 793, 798 (1996)).

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### 3. Defective real party-in-interest identifications

The PTAB accepts the petitioner's identification of RPIs, but if the patent owner rebuts it, the petitioner has the burden of persuasion.<sup>247</sup> In this regard, the patent owner must produce evidence that disputes the petitioner's identification, and a mere assertion is insufficient to put the issue into dispute.<sup>248</sup> For its part, the patent owner is required to identify its own RPIs within 21 days of service of the petition,<sup>249</sup> and failure to do so may result in adverse judgment against the patent owner.<sup>250</sup> In *First Data*, the Board found unnamed party VeriFone to be an RPI,<sup>251</sup> resulting in denial of institution of the IPR due to defective identification and failure to meet the one-year filing deadline.<sup>252</sup> Considering cases like *First Data*, it is advisable to identify all RPIs and file a petition early within the one-year window, to allow time to cure defects.

Failure to identify all RPIs does not divest the Board of its jurisdiction, however,<sup>253</sup> and it may be rectified during the course of a trial.<sup>254</sup> In *Elekta*, for example, allowed a petitioner to amend its RPI identification during the proceeding while maintaining the original filing date.<sup>255</sup> Factors considered include bad faith, gamesmanship, prejudice to the patent owner, and time bar/estoppel issues.<sup>256</sup>

### 4. Availability of appeal

*Thryv* changed the Federal Circuit's approach to reviewing information related to RPI or private on appeal. Before *Thryv*, such information could be reviewed as part of an appeal of the PTO's final

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<sup>247</sup> *Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237 (Fed. Cir. 2018); *Zerto, Inc. v. EMC Corp.*, No. IPR2014-01254, Paper No. 35 at 6-7 (P.T.A.B. Mar. 3, 2015).

<sup>248</sup> *Id.*

<sup>249</sup> 37 C.F.R. § 42.8(a)(2).

<sup>250</sup> 37 C.F.R. § 42.73(b)(4).

<sup>251</sup> *First Data Corporation v. Cardsoft, LLC*, No. IPR2014-00715, Paper No. 9 (P.T.A.B. Oct. 17, 2014).

<sup>252</sup> *Id.* at 10.

<sup>253</sup> *See Mayne Pharma Int'l Pty. Ltd. v. Merck Sharp & Dohme Corp.*, 927 F.3d 1232, 1240 (Fed. Cir. 2019) (“[I]f a petition fails to identify all real parties in interest under § 312(a)(2), the Director can, and does, allow the petitioner to add a real party in interest.” (quoting *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1374 n.9 (Fed. Cir. 2018) (en banc))

<sup>254</sup> *Lumentum Holdings, Inc., v. Capella Photonics, Inc.*, No. IPR2015-00739, Paper No. 38 at 5 (P.T.A.B. Mar. 4, 2016) (precedential).

<sup>255</sup> *Elekta, Inc. v. Varian Medical Systems, Inc.*, No. IPR2015-01401, Paper 19 at 9 (P.T.A.B. Dec. 31, 2015); 37 C.F.R. § 42.1; *Aerospace Communications Holdings Co., Ltd. v. The Armor All/Step Products Company*, IPR2016-00441, Paper 12 at 11 (P.T.A.B. Jun. 28, 2016).

<sup>256</sup> *Proppant Express Investments, LLC v. Oren Techs., LLC*, IPR2017-01917, Paper 86 (Feb. 13, 2019).

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written decision.<sup>257</sup> But in *ESIP Series 2*,<sup>258</sup> the Federal Circuit found that the PTAB's determination on RPI under § 312(a)(2) is final and non-appealable. This decision has been applied in subsequent cases, confirming issues related to RPI are not reviewable.<sup>259</sup> In *Uniloc 2017 LLC v. Facebook, Inc.*, the Court held that the “no appeal” provision of § 314(d) did not apply to prevent the court from reviewing the PTAB's application of § 315(e)(1) estoppel if the “estoppel-triggering event occurred after institution.”<sup>260</sup>

## 5. Recent decisions impacting RPI analysis

### a. No RPI analysis necessary at institution absent allegations of a time bar or estoppel

*SharkNinja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11 (Oct. 6, 2020)

- Designated precedential on December 4, 2020.
- *SharkNinja* holds that no real party-in-interest analysis is necessary at the institution phase absent an allegation of a time bar or estoppel under 35 U.S.C. § 315.
- Since *SharkNinja*, assuming there is no allegation of a time bar or estoppel, the Board has regularly declined to reach the issue of real parties-in-interest at the institution phase of proceedings, finding that the interests of efficiency and a more developed record post-institution favor postponing a ruling on the issue of real party-in-interest until the final written decision.

### b. Specific factors to consider in an RPI analysis

RPX Corp. v. Applications in Internet Time, LLC, IPR2015-01750, Paper 128 (PTAB Oct. 2, 2020)

- Designated precedential on December 4, 2020.
- The Board's *AIT* decision sets forth various considerations to be made in furtherance of the Federal Circuit's remand instruction that “[d]etermining whether a non-party is a ‘real party in interest’ demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.” *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018).
- At the Federal Circuit's direction, the *AIT* decision sets out several factors that the Board may consider in performing an RPI analysis, including:

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<sup>257</sup> See, e.g., *Wi-Fi One*.

<sup>258</sup> *ESIP Series 2, LLC v. Puzhen Life USA, LLC*, 958 F.3d 1378, 1386 (Fed. Cir. 2020),

<sup>259</sup> *Fall Line Patents, LLC v. Unified Patents, LLC*, 818 F. App'x 1014 (Fed. Cir. 2020) (nonprecedential); *Verify Smart Corp. v. Askeladden, L.L.C.*, 824 F. App'x 1015 (Fed. Cir. 2020) (nonprecedential)

<sup>260</sup> 989 F.3d 1018 (Fed. Cir. 2021)

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- (a) “[Petitioner]’s business model,” including “the nature of [Petitioner] as an entity”;
- (b) “[Petitioner]’s explanation of its own interest in the IPRs”;
- (c) “whether, and under what circumstances, [Petitioner] takes a particular client’s interests into account when determining whether to file IPR petitions”;
- (d) The alleged RPI’s relationship with the Petitioner;
- (e) The alleged RPI’s “interest in” and “benefit from” the IPRs;
- (f) “whether [Petitioner] can be said to be representing that interest”;
- (g) “whether [alleged RPI] actually ‘desire[d] review of the patent[s]’”; and
- (h) the relevance of “the fact that [alleged RPI] and [Petitioner] had overlapping Board members.” *AIT* at 10.

**c. Procedural clarification on the burden of persuasion in an RPI analysis**

*Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237 (Fed. Cir. 2018).

- The Petitioner bears the ultimate burden of persuasion on the issue on who is or is not a real-party-in-interest. The Court explained that “an IPR petitioner’s initial identification of the real parties in interest should be accepted unless and until disputed by a patent owner.”
- The Court instructed that while there is not a rebuttable presumption that the Petitioner’s identification is correct, “a patent owner must produce some evidence that tends to show that a particular third party should be named a real party in interest. A mere assertion that a third party is an unnamed real party in interest, without any support for that assertion, is insufficient to put the issue into dispute.” Accordingly, while the patent owner does not have an evidentiary burden of persuasion, it does have a burden of production to produce evidence that puts the issue in play.

**d. Party held to be an RPI and privity in a manufacturer/distributor relationship, where (1) there was an agreement between the parties to pay for the IPR, (2) one party was required to indemnify the other, and (3) a time bar existed**

*Ventex Co., Ltd. V. Columbia Sportswear North America, Inc.*, IPR2017-00651, Paper 152 (PTAB Jan. 24, 2019)

- Designated precedential April 16, 2019.
- IPR proceeding was terminated for being time barred, where a distributor who had been sued more than a year before the manufacturer filed the IPR should have been named as an RPI to the proceeding, and finding the distributor was in privity with the manufacturer.
- The record indicated the manufacturer was required to indemnify the distributor, and that the parties had entered into an exclusive agreement that the Board considered to be a cover for the distributor to pay the manufacturer for the cost



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of the IPR proceeding, and that the distributor was not named in order to avoid the one-year time bar.

**e. RPI can be fixed after filing while maintaining filing date**

*Adello Biologics LLC v. Amgen Inc.*, PGR2019-00001, Paper 11 (PTAB Feb. 14, 2019) & *Proppant Express Investments, LLC v. Oren Techs., LLC*, IPR2017-01917, Paper 86 (Feb. 13, 2019)

- Both decisions designated precedential April 16, 2019.
- In *Adello*, Petitioner updated its mandatory notices before institution to add an RPI. The Board found this permissible and did not adjust the filing date, given: (1) it found the Petitioner did not act in bad faith or engage in gamesmanship; and (2) any delay did not result in undue prejudice to the patent owner.
- In *Proppant*, a party was allowed to update its mandatory notices after institution to add an RPI who would not have been time barred if the party had been named on the original filing date. The board reiterated factors considered when allowing an RPI to be added without adjusting filing date, including bad faith, gamesmanship, prejudice to the patent owner, and time bar/estoppel issues.

**B. EFFECT OF PARALLEL LITIGATION ON REAL PARTY-IN-INTEREST AND PRIVY ANALYSIS**

Historically, mere status as a co-defendant or participation in a joint defense group has been held to be insufficient to deem a nonparty a “real party-in-interest.”<sup>261</sup> In recent years, however, patent owners have successfully sought information regarding joint defense group agreements during discovery, and some decisions have found RPI and/or privity relationships in the context of manufacturer/distributor relationships.

**1. Co-defendants / joint defense groups**

Joint defendant status alone does not establish parties as RPIs.<sup>262</sup> For instance, regional subsidiaries of a Petitioner who were simultaneously joint defendants in a related district court case and shared a common interest were not held to be RPIs, absent further evidence.<sup>263</sup>

The Board has permitted discovery of joint defense agreements, such as in *Adobe*,<sup>264</sup> where the patent owner’s request for additional discovery was granted in part. In walking through the *Garmin* factors, the Board pointed out that RPI determination is “heavily fact-dependent” and may hinge on

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<sup>261</sup> *Tradestation Group, Inc. v. Trading Technologies Int’l, Inc.*, No. CBM2015-00161, Paper No. 29 at 29 (P.T.A.B. Jan 27, 2016) (“Status as a co-defendant of a joint defense group is insufficient to establish that CQG had control over the filing of the Petition in this proceeding.”).

<sup>262</sup> *Caterpillar, Inc. v. Esco Corp.*, IPR2015-01032, Paper 12 (PTAB Oct. 15, 2015).

<sup>263</sup> *Cox Communications, Inc. v. AT&T Intellectual Property I, L.P.*, IPR2015-01227, Paper 13 (Nov. 19, 2015).

<sup>264</sup> *Adobe Inc. v. RAH Color Technologies, LLC*, IPR2019-00627, Paper 15 (PTAB Apr. 25, 2019)

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the contents of the joint defense agreement.<sup>265</sup> The patent owner's request was allowed because the petitioner indicated that such an agreement existed.<sup>266</sup> But the Board denied the patent owner's request for a privilege log containing all communications between the Petitioner and the alleged RPIs as too speculative and unduly burdensome.<sup>267</sup>

## 2. Customer/supplier, manufacturer/distributor, indemnification

Indemnification agreements alone also do not determine RPI status.<sup>268</sup> But an agreement that disguises payment for an IPR proceeding may indicate RPI status.<sup>269</sup>

General Electric's petitions against TransData were denied institution, because GE was found to be in privity with its customer Oklahoma Gas & Electric Company (OG&E), a defendant in a parallel district court litigation.<sup>270</sup> And in *PayPal*, the Board denied PayPal's petition in view of an earlier-filed petition by Ingenico, a supplier of PayPal with an indemnification agreement, because the parties had a significant relationship due to their indemnification agreement, even though they were not codefendants.<sup>271</sup>

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<sup>265</sup> *Id.* at 10.

<sup>266</sup> *Id.*

<sup>267</sup> *Id.* at 11-15.

<sup>268</sup> *Zerto, Inc. v. EMC Corp.*, IPR2014-01254, Paper 35 (PTAB Mar. 3, 2015); *see also* *Nissan N. Am., Inc. v. Diamond Coating Techs., LLC*, IPR2014-01546, Paper 10 (PTAB Apr. 21, 2015).

<sup>269</sup> *See* *Ventex* (one-year time bar applied to distributor).

<sup>270</sup> *See, e.g., Gen. Elec. Co. v. TransData, Inc.*, No. IPR2014-01380, Paper No. 34 at 12–13 (P.T.A.B. Apr. 15, 2015).

<sup>271</sup> *Id.* at 11.

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## VI. *Evidentiary Issues*

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### A. PRESENTING EVIDENCE FROM PARALLEL PROCEEDINGS AT THE PTAB

The 2011 America Invents Act created the PTAB, which decides patent matters in parallel with the ITC and federal courts. In 2021, there were more petitions filed with the PTAB than any year since 2018,<sup>272</sup> and the ITC saw an increase in new complaints and ancillary proceedings.<sup>273</sup> In 2021, new district court filings notched their highest annual number since 2017.<sup>274</sup>

Congress addressed parallel proceedings between the ITC and district courts with 28 U.S.C. § 1659 and provided discretion for the Patent Owner to deny a petition,<sup>275</sup> and district courts have the power to grant stays of proceedings.<sup>276</sup>

Where discretion to deny institution is not exercised or stays by the district court are not entered, however, parallel proceedings may progress, making it advantageous to present evidence to import a favorable outcome from other forums to the PTAB. While navigating the procedures for doing so can be difficult, prior publications have offered guidance on best practices.<sup>277</sup>

#### 1. Benefits and risks of presenting evidence from parallel proceedings

Parties in PTAB proceedings must carefully consider which evidence to present and when to present it. The Fintiv factors, which are used to determine whether discretionary denial is appropriate, require the Board to scrutinize evidence from parallel proceedings, particularly if there is an overlap in validity issues and timing. The parties should consider submitting a docket sheet or scheduling

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<sup>272</sup> See PTAB Trial Statistics FY22 Q1 Outcome Roundup IPR, PGR, p. 6.; [https://www.uspto.gov/sites/default/files/documents/ptab\\_aia\\_fy2022\\_q1\\_roundup.pdf](https://www.uspto.gov/sites/default/files/documents/ptab_aia_fy2022_q1_roundup.pdf) (Last Accessed Mar. 28, 2022).

<sup>273</sup> See Section 337 Statistics: Number of New, Completed, and Active Investigations by Fiscal Year (Updated Quarterly); [https://www.usitc.gov/intellectual\\_property/337\\_statistics\\_number\\_new\\_completed\\_and\\_active.htm](https://www.usitc.gov/intellectual_property/337_statistics_number_new_completed_and_active.htm) (Last Accessed Mar. 28, 2022).

<sup>274</sup> See Omnibus Report (2008 to Present); Overview of Patent Litigation Activity, Docket Navigator; <https://search.docketnavigator.com/patent/binder/491923/0> (Last Accessed Apr. 6, 2022).

<sup>275</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016); see also, *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential); *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (Sept. 12, 2018) (precedential).

<sup>276</sup> *Procter & Gamble Co. v. Kraft Foods Glob., Inc.*, 549 F.3d 842, 848–49 (Fed. Cir. 2008) (citing *Landis v. N. Am. Co.*, 299 U.S. 248, 254–55 (1936)).

<sup>277</sup> See The Sedona Conference Commentary on Patent Litigation Best Practices: Parallel USPTO Proceedings Chapter ("Stage One"), October 2016; The Sedona Conference Commentary on Patent Litigation Best Practices: Parallel USPTO Proceedings Chapter ("Stage Two") July 2017.

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order to show the amount of substantive work that has been done or that is yet to do in the parallel proceeding. Evidence of objective indicia of nonobviousness can also be utilized by patent owners in PTAB proceedings, but they are generally best suited for post-institution use. Avoiding the use of objective indicia pre-institution focuses the Board's attention on discretionary grounds, such as *Fintiv*, and merits-based arguments that are more likely to result in denial. Additionally, delaying the introduction of objective indicia enables a patent owner to keep the issue fresh for subsequent use of the objective indicia either in the district court/ITC proceeding (if not yet presented there) or the PTAB proceeding (if instituted).

In addition, the parties may consider presenting expert witness testimony from a previous or related proceeding, and the petitioner may introduce evidence from parallel proceedings that has developed since the petition was filed.<sup>278</sup> But the petitioner's reply is generally limited to arguments raised in the patent owner's response,<sup>279</sup> and the patent owner is entitled to a sur-reply that is similarly limited. Therefore, the parties must determine whether it would be advantageous to submit subsequent developments from the parallel proceedings to the PTAB.

It is important to note that evidence from parallel proceedings will be scrutinized by the Board when determining whether or not to grant institution. For example, evidence of a party's claim constructions can be considered under *Fintiv* and can justify denial where the party's claim constructions in the petition are in "substantive disagreement" with the prior proceeding. Both parties can submit evidence of opposing party admissions to support their interpretations of the claims and/or prior art pre-institution.

Furthermore, the parties should carefully consider which evidence to present pre-institution versus post-institution. Practical considerations generally dictate that certain evidence is advantageous pre-institution, while other evidence is generally presented only post-institution. Pre-institution, the relevant questions are whether the petitioner has met its burden and whether discretionary denial, such as under *Fintiv*, is appropriate. Post-institution, the focus is entirely on whether the petitioner has met its burden.

Finally, if the objective indicia include sensitive information, such as sales or market share data, it can be desirable to limit use, even if filed under seal.<sup>280</sup> Moreover, it can be desirable to delay presentation of the objective indicia until after institution due to development of evidence in a parallel proceeding. For example, if a district court proceeding is advancing relatively slowly or the PTAB proceeding commenced shortly after the district court proceeding, it is possible that

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<sup>278</sup> See *Nevro Corp. v. Boston Scientific Neuromodulation Corp.*, IPR2019-01318, Paper 10, pp. 25-27 (Jan. 23, 2020); *Agamatrix, Inc. v. Dexcom, Inc.*, IPR2018-01718, Paper 10, p. 9 (Mar. 13, 2019); *MediaTek Inc et al. v. Advanced MicroDevices, Inc. et al.*, IPR2018-00101, Paper 13, pp. 11-13 (Apr. 27, 2018); *cf. Intel Corp. v. Qualcomm, Inc.*, IPR2018-01344, Paper 8, pp. 28-29 (Jan. 23, 2019) (PTAB failed to consider an ITC determination based on expert testimony that was not submitted to the PTAB); *Samsung Elects. America, Inc. v. Proxense, LLC*, IPR2021-01444, Paper 11, p. 13 (Feb. 28, 2022).

<sup>279</sup> See 35 U.S.C. §§316(a)(8), 326(a)(8); 37 C.F.R. §§ 42.23, 42.120; Patent Trial and Appeal Board Consolidated Trial Practice Guide November 2019, p. 73.

<sup>280</sup> See 37 C.F.R. §42.54.

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discovery relevant to secondary considerations is ongoing when the patent owner's preliminary response is due.<sup>281</sup>

## 2. Types of evidence

Evidence of inconsistent positions can reveal how a party twists claim language to suit its objectives in different proceedings.<sup>282</sup> Patent law mandates consistent application of claims for infringement and validity. Thus, evidence of a party's inconsistent statements in parallel proceeding, as well as their silence or failure to object to a fact-finder's determinations, may be used against them in PTAB proceedings.<sup>283</sup>

Parties should remember that PTAB proceedings do permit limited discovery in some situations.<sup>284</sup> The Board will consider a motion for additional discovery upon a showing that the discovery is in the interests of justice and if the patent owner has articulated evidence to show that something useful will be uncovered.<sup>285</sup>

Objective indicia of non-obviousness can be a valuable form of evidence in PTAB proceedings. But for the objective indicia to advance a patent owner's case, the objective indicia must have a nexus to the claims.<sup>286</sup> The patent owner is entitled to a presumption of nexus when they "show that the asserted objective evidence is tied to a specific product and that product 'embodies the claimed features, and is coextensive with them.'"<sup>287</sup> The PTAB has found nexus where the patent owner

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<sup>281</sup> See 35 U.S.C. §313, 37 C.F.R. §42.107.

<sup>282</sup> See *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1351 (Fed. Cir. 2001).

<sup>283</sup> See *Zillow Group, Inc. v. Int'l Bus. Machines Corp.*, IPR2020-01656, Paper 8, p. 11 (Mar. 15, 2021); *Hospira, Inc. v. Amgen Inc.*, IPR2021-00528, Paper 7, p. 9 (Aug. 17, 2021); *Target Corp. v. Proximcom Wireless, LLC*, IPR2020-00931, Paper 10, p. 9 (Nov. 10, 2020); *Lenovo (U.S.) Inc. v. Personal Audio LLC*, IPR2015-00845, Paper 20, pp. 18–20 (Sep. 17, 2015).

<sup>284</sup> See *Snap Inc. v. SRK Technology LLC*, IPR2020-00820, Paper 15 (PTAB Oct. 21, 2020) (precedential-in-part); *Huawei Techs Co., Ltd. v. WSOU Investments, LLC D/B/A Brazos Licensing and Development*, IPR2021-00223, Paper 10, p. 16 (Jun. 7, 2021).

<sup>285</sup> See 37 C.F.R. § 42.51(b)(2); *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 26, p. 6 (Mar. 5, 2013) (precedential); see *Microsoft Corp. et al. v. Koninklijke Philips Elects. N.V.*, IPR2017-01766, Paper 15, p. 12. (Jan. 16, 2018) (The "factors include whether the requested discovery: (1) is based on more than a mere possibility of finding something useful; (2) seeks the other party's litigation positions or the basis for those positions; (3) seeks information that reasonably can be generated without the discovery requests; (4) is easily understandable; and (5) is overly burdensome to answer.").

<sup>286</sup> See *Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366, 1373 (Fed. Cir. 2019); *Henny Penny Corp. v. Frymaster LLC*, 938 F.3d 1324, 1332 (Fed. Cir. 2019)); *WMS Gaming Inc. v. Int'l Game Tech.*, 184 F.3d 1339, 1359 (Fed. Cir. 1999); *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1392 (Fed. Cir. 1988).

<sup>287</sup> See *Fox Factory*, 944 F.3d at 1373 (quoting *Polaris Indus., Inc. v. Arctic Cat, Inc.*, 882 F.3d 1056, 1072 (Fed. Cir. 2018)).



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presents evidence of an award received by the patent at issue from industry professionals.<sup>288</sup> If the patent owner cannot establish a presumption of nexus, the patent owner can still establish nexus by “showing that the evidence of secondary considerations is the ‘direct result of the unique characteristics of the claimed invention.’”<sup>289</sup> Evidence in the form of sales figures alone can be sufficient to support a theory of nonobviousness based on commercial success.<sup>290</sup> Where presumption of nexus is established, a petitioner can rebut this presumption by proffering evidence establishing that the objective indicia was “due to extraneous factors other than the patented invention.”<sup>291</sup>

In addition to its traditional usage in utility patents, objective indicia can be a powerful asset in PTAB proceedings for design patents.<sup>292</sup> While the test is still whether objective evidence is tied to a specific product that embodies the claimed features, the product in this case is the design itself.<sup>293</sup>

Evidence of long felt need also can tip the scales towards the patent owner. Here, the PTAB will primarily be concerned with evidence of the failure of others to satisfy the long felt need. The use of multiple declarants to attest to this need can be a successful tactic to deploy.<sup>294</sup> Copying is another form of evidence that patent owners can consider.<sup>295</sup> Patent owners are likely to find the most success where an expert opines as to the similarities present in the petitioner’s product.<sup>296</sup>

At bottom, the PTAB is ultimately responsible for the safe carriage of justice in its proceedings. Rather than facilitating the coexistence of different evidentiary records, the PTAB should seek to harmonize its record with that of the parallel proceedings. Doing so maximizes the likelihood of achieving justice at the PTAB while fulfilling the PTAB’s important objective of providing a specialized alternative forum for adjudicating validity.

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<sup>288</sup> See *Dish Network LLC v. Sound View Innovations, LLC*, IPR2020-00969, Paper 20, pp. 25–26 (Nov. 25, 2020).

<sup>289</sup> See *Fox Factory*, 944 F.3d at 1373–1374 (citing *In re Huang*, 100 F.3d 135, 140 (Fed. Cir. 1996)).

<sup>290</sup> See *Chemours Co. FC, LLC v. Daikin Indus., Ltd.*, 4 F.4th 1370 (Fed. Cir. 2021) (holding the Board erred in failure to consider that gross sales figures alone can establish commercial success); *Tec Air, Inc. v. Denso Mfg. Mich. Inc.*, 192 F.3d 1353, 1360–61 (Fed. Cir. 1999) (holding “sales figures alone” are “evidence of commercial success”); *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1579 (Fed. Cir. 1997) (relying on sales information to show commercial success).

<sup>291</sup> *WBIP*, 829 F.3d at 1329.

<sup>292</sup> See *Campbell Soup Co. v. Gamon Plus, Inc.*, IPR2017-00091, Paper 113, pp. 38–40 (Jul. 29, 2020); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1124 (Fed. Cir. 1993).

<sup>293</sup> *Fox Factory, Inc.*, 944 F.3d at 1374; *Campbell Soup Co.*, IPR2017-00091, p. 42.

<sup>294</sup> See *Medtronic*, IPR2020-01344, pp. 40–43.

<sup>295</sup> *Crocs, Inc. v. Int’l Trade Comm’n*, 598 F.3d 1294, 1311 (Fed. Cir. 2010) (“Copying may indeed be another form of flattering praise for inventive features.”).

<sup>296</sup> See *EIS*, IPR2020-00007, pp. 63–65.



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### 3. Presenting evidence from a parallel district court case at the PTAB

When introducing evidence to the PTAB, a moving party should be cautious of how an opposing party might use it against them. If the evidence is unfavorable to the patent owner, it may be better not to introduce it. One way to advance the patent owner's arguments without risk of unfavorable evidence being used against them is by filing a copy of the docket sheet of the parallel proceeding and utilizing it to indicate the progress of the district court proceeding. Additionally, a party should consider submitting a copy of the scheduling order from the parallel proceeding to advance arguments as to the progress of the parallel proceeding *Fintiv* prong.

But there may be a barrier to importing evidence from the district court to the PTAB relating to public accessibility. In some situations, an asserted reference for invalidity in the district court may not qualify as a printed publication at the PTAB. The “[p]etitioner bears the burden at the institution stage ‘to identify with particularity evidence sufficient to establish a reasonable likelihood that the reference was publicly accessible before the critical date of the challenged patent, and therefore that there is a reasonable likelihood that it qualifies as a printed publication.’”<sup>297</sup> The reasonable likelihood standard is “a higher standard than mere notice pleading,” but “lower than the ‘preponderance’ standard to prevail in a final written decision.”<sup>298</sup> The PTAB will consider indicia on the face of the reference, such as printed dated and stamps, as part of the totality of the evidence.<sup>299</sup> Petitioners should submit ample evidence of public accessibility to support their petition,<sup>300</sup> and patent owners should focus on the facts and any supporting declarations provided by the petitioner to contest public availability.<sup>301</sup>

### 4. Presenting evidence from a parallel ITC Investigation at the PTAB

ITC proceedings have faster timelines than district courts, making *Fintiv* denial more likely when the parallel proceeding is in the ITC than when it is in the district court. Patent owners should submit procedural schedules from ITC proceedings to support *Fintiv* arguments, while petitioners

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<sup>297</sup> Facebook, Inc. v. Express Mobile, Inc., IPR2021-01457, Paper 10, p. 18 (Mar. 18, 2022), quoting Hulu, LLC v. Sound View Innovations, LLC, IPR2018-01039, Paper 29 at 16 (Dec. 20, 2019) (precedential).

<sup>298</sup> Hulu, IPR2018-01039 at p. 13.

<sup>299</sup> Hulu, IPR2018-01039 at pp 17–18.

<sup>300</sup> See Blue Calypso, LLC v. Groupon, Inc., 815 F.3d 1331, 1348 (Fed. Cir. 2016) (quoting In re Cronyn, 890 F.2d 1158, 1160 (Fed. Cir. 1989)) (“To qualify as a printed publication, a reference ‘must have been sufficiently accessible to the public interested in the art.’”); In re Hall, 781 F.2d 897, 899 (Fed. Cir. 1986) (“Public accessibility” is considered to be “the touchstone in determining whether a reference constitutes a ‘printed publication’ bar under 35 U.S.C. §102(b).”); SRI Int’l, Inc. v. Internet Sec. Sys., Inc., 511 F.3d 1186, 1194 (Fed. Cir. 2008) (quoting Bruckelmyer v. Ground Heaters, Inc., 445 F.3d 1374, 1378 (Fed. Cir. 2006)) (“A given reference is ‘publicly accessible’ upon a satisfactory showing that such document has been disseminated or otherwise made available to the extent that persons interested and ordinarily skilled in the subject matter or art exercising reasonable diligence, can locate it.”).

<sup>301</sup> See Kinaxis Inc et al. v. Blue Yonder Group, Inc., IPR2021-01318, Paper 30, pp. 9-10 (Feb. 9, 2022).

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should commence PTAB proceedings as soon as possible to avoid denial.<sup>302</sup> If the petitioner acts quickly, such as before filing a response to the ITC complaint, the ITC proceeding may not necessarily be a barrier to institution under *Fintiv*.<sup>303</sup> Yet, even where a petition presents a reasonable likelihood of success, the PTAB has been inclined to deny institution based on the overlap and timing factors of *Fintiv*.<sup>304</sup>

The PTAB conducts its own analysis and reaches its own determination, and ITC decisions are not binding on the PTAB. Yet, even where a combination of prior art references is not explicitly relied upon for invalidity in the ITC proceeding, an implicit reliance upon this combination—such as through a catch-all statement referring to references relied upon in the PTAB proceeding—can be sufficient for the overlap prong of *Fintiv* to weigh in favor of denial.<sup>305</sup> And Initial Determinations made in ITC proceedings can be imported into the PTAB proceedings by a party. For example, where an Initial Determination is made that the petitioner copied the patent owner’s patented technology, the Initial Determination can be submitted in the PTAB proceeding to support a theory of nonobviousness on the basis of the copying.<sup>306</sup>

## **B. PROTECTING CONFIDENTIALITY OF EVIDENCE SUBMITTED TO THE PTAB**

Some PTAB cases involve confidential business and technical information relevant to such issues as commercial success. There are at least four regulations addressing treatment of confidential information under the general rules for PTAB trials, 37 C.F.R. § 42.14 (public availability – sealing),<sup>307</sup> § 42.54 (protective order),<sup>308</sup> § 42.55 (confidential information in a petition),<sup>309</sup> and § 42.56 (expungement of confidential information),<sup>310</sup> as well as their application under its Office Trial Practice Guide.<sup>311</sup>

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<sup>302</sup> See *Nintendo Co., Ltd. v. GameVice, Inc.*, IPR2020-01197, Paper 13, p. 15 (Jan. 12, 2021); *Intel Corp. v. Koninklijke Philips N.V.*, IPR2021-00328, Paper 9, p. 8. (July 16, 2021).

<sup>303</sup> See *Apple, Inc. v. Alivacor, Inc.*, IPR2021-00972, Paper 10, pp. 11–13 (Dec. 8, 2021).

<sup>304</sup> See *Canadian Solar*, IPR2021-00659, pp. 15–16.

<sup>305</sup> See *Intel*, IPR2021-00328, pp. 12-13.

<sup>306</sup> See *Hytera Communications Co. Ltd. v. Motorola Solutions, Inc.*, IPR2017-02183, Paper 47, pp. 26-27 (May 13, 2019).

<sup>307</sup> 77 Fed. Reg. 48612, 48672 (Aug. 14, 2012).

<sup>308</sup> 77 Fed. Reg. 48612, 48675 (Aug. 14, 2012).

<sup>309</sup> 77 Fed. Reg. 48612, 48675 (Aug. 14, 2012).

<sup>310</sup> 77 Fed. Reg. 48612, 48675 (Aug. 14, 2012).

<sup>311</sup> 77 Fed. Reg. 48756, 48760-61 [General Rules Section I(E) – Public Availability and Confidentiality], 48769-71 [Appendix B – Protective Order Guidelines, including “Default Protective Order” at 48771] (Aug. 14, 2012), updated in PTAB Consolidated Trial Practice Guide 19-22, 107-22 (Nov. 2019), available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

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## 1. Default protective order (Nov. 2019 Trial Practice Guide, Appendix B)

The default protective order in Appendix A of the 2018 Trial Practice Guide Update states that:

No protective order shall apply to this proceeding until the Board enters one. If either party files a motion to seal before entry of a protective order, a jointly proposed protective order shall be filed as an exhibit with the motion. The Board encourages the parties to adopt the Board's default protective order if they conclude that a protective order is necessary. *See* Practice Guide, App'x B (Default Protective Order).<sup>312</sup>

The default protective order is akin to protective orders common to patent infringement cases, but does not provide “multi-level” restrictions such as “outside attorneys’ eyes only” for particularly sensitive business strategic information or special restrictions for source code. The default protective order allows access to in-house counsel. In a renumbered section that also expressly included corporate officers among “other employees” of a party, Appendix B provides that access would be allowed only by agreement between the parties or by motion where the opposing party has the burden of proving the case for restriction. The standard acknowledgment requires submission to the jurisdiction of the Office and of the United States District Court for the District of Virginia.

## 2. Modifications and alternatives to the default protective order

The Office prefers its default protective order. It states:

If the parties choose to propose a protective order deviating from the default protective order, they must submit the proposed protective order jointly along with a marked-up comparison of the proposed and default protective orders showing the differences between the two and explain why good cause exists to deviate from the default protective order.<sup>313</sup>

## 3. Termination of a PTAB proceeding

### a. Protecting confidential information after settlement

There are two types of confidential information to be considered after settlement: (1) documents submitted under seal (pursuant to 37 C.F.R. § 42.14) and (2) settlement documents required under 35 U.S.C. §§ 135(e) (derivation), 317(b) (IPRs) and 327(b) (PGRs) and 37 C.F.R. § 42.74.

For the first type (sealed), the Office states in its Trial Practice Guide:

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<sup>312</sup> Trial Practice Guide Update 24 [general instructions - protective order] (Aug. 2018), available at [https://www.uspto.gov/sites/default/files/documents/2018\\_Revised\\_Trial\\_Practice\\_Guide.pdf](https://www.uspto.gov/sites/default/files/documents/2018_Revised_Trial_Practice_Guide.pdf), carried over to PTAB Consolidated Trial Practice Guide 99. The abrogation of automatic application was reiterated in the 2019 Trial Practice Guide Update 6 (July 2019) (“A protective order is not entered by default but must be proposed by one or more parties and must be approved and entered by the Board”) carried over to PTAB Consolidated Trial Practice Guide 19-20.

<sup>313</sup> PTAB Consolidated Trial Practice Guide 91.

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Confidential information that is subject to a protective order ordinarily would become public 45 days after denial of a petition to institute a trial or 45 days after final judgment in a trial. There is an expectation that information will be made public where the existence of the information is referred to in a decision to grant or deny a request to institute a review or is identified in a final written decision following a trial. A party seeking to maintain the confidentiality of information, however, may file a motion to expunge the information from the record prior to the information becoming public. 37 C.F.R. § 42.56. The rule balances the needs of the parties to submit confidential information with the public interest in maintaining a complete and understandable file history for public notice purposes. The rule encourages parties to redact sensitive information, where possible, rather than seeking to seal entire documents.<sup>314</sup>

A settlement will result in a denial of a petition to institute or a final judgment if trial is instituted. Thus, a motion to expunge (next subsection) should be made within 45 days of such denial or judgment (even if appealed).

For the second type, which broadly includes also “any collateral agreements referred to in such [settlement] agreement or understanding, made in connection with or in contemplation of the termination [of the proceeding],”<sup>315</sup> the AIA provides:

At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents, and shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.<sup>316</sup>

The Office Rule does not refer to collateral agreements,<sup>317</sup> but specifies that non-federal agency parties must also make a written request along with a fee and show good cause.<sup>318</sup>

#### **b. Expunging confidential information in the record**

The Office’s 37 C.F.R. § 42.56 (expungement) is neutrally permissive on its face. In its rulemaking, however, the Office rejected a proposal that “confidential material should be destroyed following the trial unless a petition to unseal is filed within 45 days of decision by the Office, or that at a minimum that petitions to expunge should be granted in all but extraordinary circumstances.” In doing so, it

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<sup>314</sup> PTAB Consolidated Trial Practice Guide 21-22 (Section I(E)(6), carried over from 77 Fed. Reg. at 48761.

<sup>315</sup> 35 U.S.C. §§ 317(b), 327(b).

<sup>316</sup> *Id.*

<sup>317</sup> 37 C.F.R. § 42.74(b).

<sup>318</sup> 37 C.F.R. § 42.74(c)(2).

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cited Congress's direction in 35 U.S.C. §§ 316(a)(1) and 326(a)(1) to make the file "available to the public" and encouraged redaction rather than sealing of entire documents.<sup>319</sup>

In its Trial Practice Guide section I(E)(6) on expungement, the Office set forth its policy as quoted in the prior subsection and warned in its sample scheduling order appendices:

The Board has a strong interest in the public availability of trial proceedings. Redactions to documents filed in this proceeding should be limited to the minimum amount necessary to protect confidential information, and the thrust of the underlying argument or evidence must be clearly discernible from the redacted versions. We also advise the parties that information subject to a protective order may become public if identified in a final written decision in this proceeding, and that a motion to expunge the information will not necessarily prevail over the public interest in maintaining a complete and understandable file history.<sup>320</sup>

Generally, PTAB panels have provided fairly standard language in reminding of the need to move at the end of the case to expunge documents they accepted for filing under seal.<sup>321</sup>

## **C. PRESENTING EVIDENCE (OR RULINGS) FROM THE PTAB IN OTHER PROCEEDINGS**

### **1. Using evidence, rulings, or arguments from the PTAB in federal courts**

District courts have evaluated and decided upon litigants' requests to introduce PTAB rulings, as well as the underlying evidence and arguments presented to the PTAB, at various stages of litigation.

At the pleading stage, some courts have taken judicial notice of the existence of a PTAB record if, for example, it relates to the allegations made in a complaint. These courts have considered papers, expert declarations, and final written decisions, among other items of record from PTAB proceedings in assessing 12(b)(6) motions to dismiss or 12(c) motions for judgment on the pleadings.<sup>322</sup>

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<sup>319</sup> 77 Fed. Reg. at 48644-45.

<sup>320</sup> PTAB Consolidated Trial Practice Guide 91-92, 100.

<sup>321</sup> In *General Electric Co. v. TransData, Inc.*, No. IPR2014-01505, Paper 27 (Decision Denying Institution of IPR) at 15 (PTAB April 15, 2015), for example, the panel invited a 37 C.F.R. § 42.56 motion for those sealed documents on which the panel did not rely. In *Gordon Howard Associates, Inc. v. LunarEye, Inc.*, No. IPR2014-00712, Paper 43 (Final Written Decision) at 19 (PTAB Sept. 28, 2015), the panel granted a motion to seal as a motion to expunge a document on which the panel did not rely. Also *Mobile Tech, Inc. v. Sennco Solutions, Inc.*, No. IPR2017-02200, Paper 29 (Final Written Decision) at 38 (PTAB March 27, 2019).

<sup>322</sup> See *Prime Focus Creative Servs. Can. v. Legend3D, Inc.*, CV-15-2340-MWF, 2015 WL 12746207, at \*2 (C.D. Cal. Sept. 23, 2015); *SEMICAPS Pte. Ltd. v. Hamamatsu Corp.*, 393 F. Supp. 3d 802, 806 n.2 (N.D. Cal. 2019); *Atlas IP LLC v. Pac. Gas. & Elec. Co.*, 15-cv-05469-EDL, 2016 WL 1719545, at \*1 (N.D. Cal. Mar. 9, 2016).



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District courts have also used arguments and evidence presented to the PTAB during claim construction, because they can operate as disclaimers or disavowals of claim meaning, even when made in preliminary responses.<sup>323</sup>

In jury trials, courts have been reluctant to allow introduction of non-institution decisions, due to the potential for jury confusion and undue prejudice.<sup>324</sup> Even in bench trials—where the risks of jury confusion are not present—a court’s consideration of PTAB records does not guarantee persuasion on the question of validity.<sup>325</sup>

Admissibility of PTAB evidence at trial depends on the type of evidence and the purpose of its intended use, with courts allowing PTAB records for impeachment purposes<sup>326</sup> or limited purposes such as assessing a defendant’s good faith belief regarding issues of validity as part of a willfulness determination<sup>327</sup> or evaluating what an accused infringer would have considered during a hypothetical negotiation.<sup>328</sup>

## **2. Using evidence, rulings, or arguments from the PTAB in the ITC and vice versa**

### **a. Determinations from the ITC do not bind the PTAB**

ITC findings and conclusions of fact are not binding on the PTAB. In *Certain Dental Implants*, ALJ Shaw initially determined that the petitioner’s claims were anticipated by prior art in a catalog.<sup>329</sup> The Commission later found that the prior art was not publicly available,<sup>330</sup> a decision affirmed under

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<sup>323</sup> *Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353, 1359-62, at \*28-29 (Fed. Cir. 2017); *Mirror Worlds Techs., LLC v. Facebook, Inc.*, 2022 U.S. Dist. LEXIS 41157 (S.D.N.Y. Mar. 8, 2022); *Not Dead Yet Mfg., Inc. v. Pride Solutions, LLC*, 265 F. Supp. 3d 811, 830-31 (N.D. Ill. Sept. 19, 2017); *Tr. of Columbia Univ. v. NortonLifeLock, Inc.*, No. 3:13cv808, 2022 WL 135439, at \*34 (E.D. Va. Jan. 13, 2022).

<sup>324</sup> *Chamberlain Group, Inc. v. Techtronic Indus.*, 935 F.3d 1341, 1351-52 (Fed. Cir. 2019); *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, 329 F. Supp. 3d 1070, 1089 n.5 (N.D. Cal. 2018); *Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, 2015 U.S. Dist. LEXIS 20306, at \*19 (E.D. Tex. Jan. 30, 2015).

<sup>325</sup> *Hospira, Inc. v. Fresenius Kabi USA, LLC*, 343 F. Supp. 3d 823, 844 (N.D. Ill. 2018) (rejecting plaintiff’s argument that PTAB denial of institution of IPR weighed against applicability of prior art references considered by PTAB), Aff’d, 946 F.3d 1322 (Fed. Cir. 2020).

<sup>326</sup> *Intellectual Ventures II LLC v. Fedex Corp.*, 2:16-CV-00980-JRG, 2018 WL 10638138, at \*4 (E.D. Tex. Apr. 26, 2018).

<sup>327</sup> *See Finjan, Inc. v. Sonicwall Inc.*, 17-cv-04467-BLF, 2021 U.S. Dist. LEXIS 196215, at \*42-44 (N.D. Cal. May 12, 2021).

<sup>328</sup> *Id.*

<sup>329</sup> *Certain Dental Implants*, Inv. No. 337-TA-934, Init. Det. (Oct. 27, 2015) at 61.

<sup>330</sup> *Dental Implants*, Inv. No. 337-TA-934, Comm’n Op. (May 11, 2016) at 29.



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Rule 36.<sup>331</sup> Despite this, the PTAB rendered a final decision that the patent claims were unpatentable based on their own independent determination.<sup>332</sup> While the PTAB noted it considered the Commission's findings, the panel said it was not bound by them.<sup>333</sup> On appeal, the Federal Circuit agreed with the PTAB, noting that the prior affirmance of the Commission's determination by the Federal Circuit "does not dictate the outcome of this appeal."<sup>334</sup>

#### **b. Significance of IPR decisions and arguments before the ITC**

In the reverse direction, the ITC does not consider rulings from the PTAB to be binding. In *Network Devices*, after the PTAB found patent claims unpatentable, the respondent moved to modify the ITC's remedial orders.<sup>335</sup> But the Commission declined to do so, stating that the PTAB's decision alone was not sufficient for binding effect.<sup>336</sup> Rather, it clarified that the PTAB's finding of invalidity would bind the ITC only after the exhaustion of all appeals and issuance of a certificate of cancellation.

Unlike rulings on invalidity, 35 U.S.C. § 315(e)(2) applies immediately after the PTAB's final written decision. This statute estops IPR petitioners from presenting arguments before the ITC that the petitioners "raised or reasonably could have raised" before the PTAB.<sup>337</sup> The statutory text makes clear that the IPR estoppel provision applies to any IPR petitioner as long as the IPR "results in a final written decision under section 318(a)."<sup>338</sup> Many district courts have adopted this understanding of the IPR estoppel statute.<sup>339</sup>

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<sup>331</sup> *Instradent USA, Inc. v. Int'l Trade Comm'n*, 693 F. App'x 908 (Fed. Cir. 2017)

<sup>332</sup> *Nobel Biocare Servs. AG v. Instradent USA, Inc.*, IPR2015-01786, Paper 106 (PTAB Feb. 15, 2017).

<sup>333</sup> *Id.* at 3.

<sup>334</sup> *Nobel Biocare Servs. AG v. Instradent USA, Inc.*, 903 F.3d 1365 (Fed. Cir. 2018), as amended (Sept. 20, 2018) at 13.

<sup>335</sup> *Certain Network Devices, Related Software and Components Thereof (II)*, Inv. No. 337-TA-945, Comm'n Op. (Aug. 16, 2017).

<sup>336</sup> *Id.* at 11; 35 U.S.C. § 318(b). *But see* *Certain Three-Dimensional Cinema Systems and Components Thereof*, Inv. No. 337-TA-939, Comm'n Op. (Aug. 23, 2016) (refusing to recognize the PTAB's rulings as binding, but electing for deference).

<sup>337</sup> 35 U.S.C. § 315(e)(2).

<sup>338</sup> *Id.*

<sup>339</sup> *Star Environtech, Inc. v. Redline Detection, LLC*, No. 12-08161, 2015 WL 4744394 (C.D. Cal. Jan 29, 2015). *VirnetX, Inc. v. Apple Inc.*, No. 14-MC-80013 RS (NC), 2014 WL 6979427 (N.D. Cal. Mar. 21, 2014).

## *VII. Appeals, Standing, and Availability of Appeal*

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### **A. APPEALS TO THE FEDERAL CIRCUIT GENERALLY**

#### **1. Decisions reviewed under the APA**

As federal agencies, the ITC and the USPTO enjoy broad administrative authority and, in the case of the ITC, independence.<sup>340</sup> These agencies' authority, though broad, is not unbounded. The Administrative Procedures Act (APA) curbs that authority by allowing courts to vacate agency decisions that are "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law."<sup>341</sup> In addition, APA imposes specific procedural burdens on these agencies:

- First, 5 U.S.C. § 554(b)(2) requires parties to an agency hearing to be informed of "the matters of fact and law asserted . . . and issues controverted."
- Second, § 554(c)(1) requires the agency to "give all interested parties opportunity for . . . the submission and consideration of facts, arguments, offers of settlement or proposals of adjustment when time, the nature of the proceeding, and the public interest permit."

To comply with these notice-and-opportunity-to-respond provisions, the agency must be provide a fair opportunity for all interested parties to present their case.<sup>342</sup>

The Federal Circuit has summarized the import of these provisions as follows:

The notice and opportunity to be heard provisions of the APA have been applied "to mean that an agency may not change theories in midstream without giving respondents reasonable notice of the change and the opportunity to present argument under the new theory."<sup>343</sup>

Owing to the streamlined nature of administrative proceedings, and PTAB proceedings in particular, due process issues under the APA typically arise when: (1) the petitioner cites new references or makes new arguments in its reply to the patent owner's post-institution response; or (2) the PTAB cites new references or makes new arguments or claim constructions in its final written decision finding the challenged claims unpatentable. Introducing new art or arguments at these late junctions can deny the patent owner adequate time or opportunity to respond adequately. Claims of

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<sup>340</sup> The ITC is an independent federal agency, while the USPTO exists as an agency within the Department of Commerce.

<sup>341</sup> 5 U.S.C. § 706(2)(A); *see Align Tech., Inc. v. ITC*, \*\*\* (Fed. Cir. 2014).

<sup>342</sup> *See* 5 U.S.C. § 555(d).

<sup>343</sup> *Novartis AG v. Torrent Pharmaceuticals Ltd.*, 853 F.3d 1316, 1324 (Fed. Cir. 2017) (cleaned up).

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petitioners' rights are less common. The Federal Circuit will not review alleged APA violations that result in harmless error.<sup>344</sup>

In the 2022 decision *Baker Hughes Oilfield v. Hirshfeld*, for example, the Federal Circuit held that the PTAB violated the APA by finding certain instituted claims obvious over grounds also that the institution decision stated would not be considered. In 2021, the Federal Circuit held in *MeoK Holdings, Inc. v. Samsung Electronics Co.* that the PTAB cannot *sua sponte* find a claim anticipated unless that specific statutory ground had previously been noticed. In that case, only obviousness grounds had been noticed. Also in 2021, the Federal Circuit in *Qualcomm Inc. v. Intel Corp.* held that the PTAB violated a patent owner's procedural rights under the APA when construing a disputed claim term by omitting an uncontested requirement in a claim construction in the final written decision.

## 2. "Substantial evidence" standard

The Federal Circuit reviews an agency's factual findings for substantial evidence, which "requires more than a 'mere scintilla' and must be enough such that a reasonable mind could accept the evidence as adequate to support the conclusion." The substantial evidence standard obligates the PTAB to articulate "both an adequate evidentiary basis for its findings and . . . a satisfactory explanation for those findings."

Most appeals from the PTAB involve obviousness grounds. And while obviousness is ultimately a question of law, the PTAB enjoys "substantial evidence" deference on the underlying findings of fact supporting that conclusion. Nevertheless, the generous deference afforded to the PTAB in obviousness determinations is not unbounded. For instance, in the 2021 decision *Chemours Co. FC, LLC v. Daikin Industries, Ltd.*, the Federal Circuit reversed an obviousness determination, concluding that the PTAB's findings regarding motivation to combine were not supported by substantial evidence considering the PTAB's failure to grapple with a teaching away in the prior art.

## 3. *De novo* review of legal issues

The Federal Circuit reviews issues of law, including claim constructions, *de novo*.<sup>345</sup> An appellant's challenge to a claim construction adopted by the PTAB typically has the highest likelihood of success on appeal, in part due to the lack of deference afforded under the *de novo* review standard.<sup>346</sup> Another issue of law arising in appeals from IPRs, receiving *de novo* review, involves the printed publication status of the alleged prior art.

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<sup>344</sup> *Progressive Cas. Ins. Co. v. Liberty Mut. Ins. Co.*, 625 F. App'x 552 (Fed. Cir. 2015)

<sup>345</sup> *In re Elsner*, 381 F.3d 1125, 1127 (Fed. Cir. 2004)

<sup>346</sup> John Caracappa et al., *How to Appeal PTAB Decisions Successfully to the Federal Circuit*, Law360 (June 22, 2020), <https://www.stepto.com/images/content/2/0/v2/204326/Law360-How-To-Appeal-PTAB-Decisions-Successfully-To-Fed.-Circ..pdf>

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#### 4. Mandamus

The statute governing trials in the USPTO provides that an appeal from the PTAB is only appropriate after the PTAB issues a final written decision on the merits.<sup>347</sup> In fact, it expressly excludes from appellate jurisdiction the PTAB's initial determination whether to institute a trial, as well as interlocutory issues.<sup>348</sup> The Federal Circuit has accordingly concluded that a petition for a writ of mandamus—a demand that the Federal Circuit compel the PTAB to take certain action—are an inappropriate means to seek appeal of the PTAB's initial or interlocutory decisions. Thus far, the Federal Circuit has addressed the following initial and interlocutory issues:

- Decision not to institute trial
- Decision to institute trial
- Application of the one-year statutory time bar in a decision to institute
- Decision on request for additional discovery
- Decision on request to submit supplemental evidence

Although the Federal Circuit denied the writs of mandamus in these situations, it did so without prejudice to the petitioner for the writ to re-raise its argument after a final written decision.

### B. APPEALS ORIGINATING FROM THE PTAB

#### 1. Article III standing

##### a. Establishing injury in fact (parallel litigation, economic damage theories, estoppel)—an analysis of recent Federal Circuit case law

When Congress modified post-grant procedures in 2011, they granted “a party dissatisfied” with the results the right to appeal PTAB decisions.<sup>349</sup> Before a participant to a post-grant proceeding can appeal a final written decision, the appealing party must have constitutional standing under Article III. Specifically, the Federal Circuit has explained that “an appellant must meet ‘the irreducible constitutional minimum of standing.’”<sup>350</sup> The “irreducible constitutional minimum” requires the appellant to “have (1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct of the [appellee], and (3) that is likely to be redressed by a favorable judicial decision.”<sup>351</sup> Because

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<sup>347</sup> 35 U.S.C. § 319 (IPR); 35 U.S.C. § 329 (PGR).

<sup>348</sup> 35 U.S.C. § 314(d) (IPR: “The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”); 35 U.S.C. § 324(e) (PGR: “The determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.”)

<sup>349</sup> 35 U.S.C. §§ 319, 329.

<sup>350</sup> *Amerigen Pharm. Ltd. v. UCB Pharma GmbH*, 913 F.3d 1076, 1082 (Fed. Cir. 2019) (quoting *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560, 112 S.Ct. 2130, 119 L.Ed.2d 351 (1992)).

<sup>351</sup> *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540, 1547, 194 L.Ed.2d 635 (2016), *as revised* (May 24, 2016).

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petitioners have been authorized by statute to appeal adverse final written decisions,<sup>352</sup> the Federal Circuit has held that petitioners “need not ‘meet all the normal standards for redressability and immediacy’” to establish injury in fact.<sup>353</sup> “[W]here Congress has accorded a procedural right to a litigant, such as the right to appeal an administrative decision” some requirements of standing—but not the requirement of injury in fact—“may be relaxed.”<sup>354</sup>

Nonetheless, the Federal Circuit has explained that “[n]ot every party to an IPR will have Article III standing to appeal a final written decision of the Board.”<sup>355</sup> To establish standing, an appellant must have suffered and provide sufficient facts showing an injury in fact that has a nexus to the challenged conduct and that can be ameliorated by the court.<sup>356</sup>

### i. Parallel, Potential, and Past Litigation

Any pending parallel litigation is sufficient to confer standing to the appellant. Beyond this, when an appellant “relies on potential infringement liability as a basis for injury in fact, but is not currently engaging in infringing activity, it must establish that it has concrete plans for future activity that creates a substantial risk of future infringement or would likely cause the patentee to assert a claim of infringement.”<sup>357</sup>

The Federal Circuit has explained an appellant need not face “a specific threat of infringement litigation by the patentee” to establish the requisite injury in an appeal from a final written decision in an inter partes review.<sup>358</sup> Instead, “it is generally sufficient for the appellant to show that it has engaged in, is engaging in, or will likely engage in activity that would give rise to a possible infringement suit.”<sup>359</sup>

For example, in *DuPont*, the Federal Circuit held that the appellant had standing because it had concrete plans to make a potentially infringing product, including actually completing the necessary

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<sup>352</sup> See 35 U.S.C. § 141(c).

<sup>353</sup> *JTEKT Corp. v. GKN Auto. LTD.*, 898 F.3d 1217, 1219-20 (Fed. Cir. 2018).

<sup>354</sup> *Consumer Watchdog v. Wis. Alumni Research Found.*, 753 F.3d 1258, 1261 (Fed. Cir. 2014).

<sup>355</sup> See *Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168, 1172 (Fed. Cir. 2017) (citing *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143–44, (2016)).

<sup>356</sup> *Id.* at 1171.

<sup>357</sup> *JTEKT Corp. v. GKN Auto. LTD.*, 898 F.3d 1217, 1221 (Fed. Cir. 2018); accord *Susan B. Anthony List v. Driehaus*, 573 U.S. 149, 158, 134 S.Ct. 2334, 189 L.Ed.2d 246 (2014) (“An allegation of future injury may suffice if the threatened injury is ‘certainly impending,’ or there is a “‘substantial risk’ that the harm will occur.” (quoting *Clapper v. Amnesty Int’l USA*, 568 U.S. 398, 414, 133 S.Ct. 1138, 185 L.Ed.2d 264 (2013))).

<sup>358</sup> *E.I. DuPont de Nemours & Co. v. Synvina C.V.*, 904 F.3d 996, 1004 (Fed. Cir. 2018).

<sup>359</sup> *Grit Energy Sols., LLC v. Oren Techs., LLC*, 957 F.3d 1309, 1319 (Fed. Cir. 2020).

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production plant, and thus there was a substantial risk of future infringement.<sup>360</sup> The Court determined that the patent owner's refusal to grant appellant a covenant not to sue further confirmed that appellant's risk of injury was not “conjectural” or “hypothetical.”<sup>361</sup>

Similarly, in *Adidas v. Nike*, the court found that because Adidas and Nike “are direct competitors,” standing was established, even though Nike had “not yet accused” Adidas of infringing.<sup>362</sup> The court noted that because Nike “refused to grant Adidas a covenant not to sue,” this confirmed Adidas’ risk of infringement “is concrete and substantial.”<sup>363</sup>

Prior litigation activity, especially if dismissed with prejudice, may also be sufficient to confer standing. In *Grit Energy*, the Federal Circuit found that a petitioner had standing to appeal an IPR where the patentee had previously sued the petitioner, even though the infringement claim for the challenged patent was dismissed with prejudice and the petitioner had transferred ownership of the accused products to a third party.<sup>364</sup> The Court pointed to both the fact the dismissal was without prejudice (indicating the petitioner faced the possibility of another infringement suit in the future based on past activity), and that the patentee’s conduct in suing the petitioner was evidence that it could face a future suit.

## ii. Economic Theories

Economic damages have been advanced as a theory for establishing injury in fact.<sup>365</sup> In *General Electric Co. v. United Technologies*, the Court rejected GE’s economic losses argument, because: (1) GE’s evidence that it designed a specific engine in the 1970s was not “an imminent injury,” (2) “broad claim[s] of research and development expenditures” were insufficient, because GE “provided no evidence that [those] expenses were caused by” the patent at issue.<sup>366</sup>

The Federal Circuit has also noted that the economic theories are closely tied to the doctrine of competitor standing (discussed below)—and the Federal Circuit has been reluctant to grant standing based on these theories.<sup>367</sup>

## iii. Estoppel

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<sup>360</sup> *DuPont*, 904 F.3d at 1005.

<sup>361</sup> *Id.*

<sup>362</sup> *Adidas AG v. Nike, Inc.*, 963 F.3d 1355, 1357 (Fed. Cir. 2020),

<sup>363</sup> *Id.*

<sup>364</sup> *Grit Energy Sols.*, 957 F.3d at 1319-21.

<sup>365</sup> *See Gen. Elec. Co. v. United Techs. Corp.*, 928 F.3d 1349, 1354 (Fed. Cir. 2019).

<sup>366</sup> *See Lujan*, 504 U.S. at 560, 112 S. Ct. 2130 (stating injury in fact must be actual or imminent, and requiring “a causal connection between the injury and the conduct complained of”).

<sup>367</sup> *See RPX Corp. v. ChanBond LLC*, 2018 WL 9371458, \*2-\*3 (Fed. Cir. 2018) (*nonprecedential*).



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As for “estoppel under 35 U.S.C. § 315(e),” the court in the *General Electric* case opined that, “[w]here, as here, the appellant does not currently practice the patent claims and the injury is speculative, we have held that the estoppel provision does not amount to an injury in fact.”<sup>368</sup> Further, the estoppel provision does not constitute an injury in fact when “there is no evidence that the appellant has or is engaged in any activity that would give rise to a possible infringement suit.”<sup>369</sup>

#### iv. Other Issues

*Joinder.* The Federal Circuit has found that in the context of joinder, an IPR petitioner who joined a prior instituted IPR petition has standing to appeal—even where the original IPR petitioner did not join the appeal, and the appellant was challenging on appeal claims of the patent that were not included in the appellant’s separate IPR. The Federal Circuit explained that “[j]oined parties, as provided in § 315, may appeal pursuant to § 319,” and ruling that the petitioner’s “rights as a joined party applies [sic] to the entirety of the proceedings and includes the right of appeal, conforming to the statutory purpose of avoiding redundant actions by facilitating consolidation, while preserving statutory rights, including judicial review.”<sup>370</sup> But, where the appellee joins an IPR and all other parties settled with the patentee below, the appellee (remaining party) must show it has standing on its own to pursue the appeal.<sup>371</sup>

*Appellee does not need to meet standing requirement.* The Federal Circuit has noted the appellee does not need to meet the standing requirement, and can participate in an appeal because they are not the entity seeking to invoke the Court’s jurisdiction.<sup>372</sup>

#### b. Competitor standing

In addition to the theories noted above, the doctrine of competitive harm has been denied as a basis for establishing standing in recent appeals to the Federal Circuit, despite its established status in other courts.<sup>373</sup> In IPR cases, the Federal Circuit has repeatedly held that competitive harm does not constitute an injury-in-fact, and a petitioner must show concrete plans for infringement of the patent at issue. The Federal Circuit has required that a petitioner who is not already the subject of a patent infringement claim must demonstrate “concrete plans for future activity that creates a substantial risk of future infringement.”<sup>374</sup>

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<sup>368</sup> Gen Elec. Co. v. United Techs., 928 F.3d at 1354.

<sup>369</sup> AVX Corp. v. Presidio Components, Inc., 923 F.3d 1357, 1362-63 (Fed. Cir. 2019).

<sup>370</sup> Fitbit, Inc. v. Valencell, Inc., 964 F.3d 1112, 1115 (Fed. Cir. 2020).

<sup>371</sup> Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation, 956 F.3d 1374, 1376-78, 133 U.S.P.Q.2d (Fed. Cir. 2020).

<sup>372</sup> Personal Audio, LLC v. Electronic Frontier Foundation, 867 F.3d 1246, 1249-50 (Fed. Cir. 2017).

<sup>373</sup> See, e.g., Clinton v. City of N.Y., 524 U.S. 417, 433 (1998).

<sup>374</sup> AVX Corp. v. Presidio Components, Inc., 923 F.3d 1357, 1365 (Fed. Cir. 2019).

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In *AVX*, for example, the court held that an IPR appellant lacked Article III standing because it had "no present or nonspeculative interest in engaging in conduct" covered by the challenged patent, even though the appellant actively competed against the patent owner in the relevant market.<sup>375</sup> The court recognized only one circumstance where a challenger could have standing: if "the challenger was currently using the claimed features or nonspeculatively planning to do so in competition."<sup>376</sup>

In *General Electric v. United Techs*, the Federal Circuit determined that GE had no standing, determining there was no "concrete and imminent injury to GE" and that GE asserted "only speculative harm."<sup>377</sup> But in *General Electric v. Raytheon*, the Federal Circuit found standing where GE had made concrete plans for future activity, including significant R&D expenses (\$10-12 million tied to the potentially infringing product), together with a declaration from GE Aviation's IP counsel, conceding that GE expected Raytheon "would accuse" its product of infringing the patent at issue.<sup>378</sup>

Thus, evidence admitting that an infringement claim is likely to be asserted appears to be the kind of evidence most heavily weighed by the Federal Circuit in a standing analysis. Yet, parties are understandably reluctant to provide such evidence in many scenarios.

### c. Issues specific to ANDA/aBLA filers

ANDA challengers and other third parties have also had difficulty establishing standing to appeal judgments from the PTAB due to the unique procedural posture of those cases.

For example, in *Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation*,<sup>379</sup> an appeal was dismissed for lack of standing where the appellee had joined the IPR below, and all other parties to the IPR settled with the patentee prior to the appeal. The Federal Circuit held that Argentum had failed to show that it was likely to face an ANDA suit from the patentee; rather, it was Argentum's manufacturing partner—who was not a party to the IPR or the appeal—that would file the ANDA and face any potential suit from the patentee.<sup>380</sup> The Federal Circuit also rejected Argentum's alleged economic theories as too speculative and not personal to Argentum itself.

Similarly, in *Pfizer v. Chugai*, Pfizer's appeal was dismissed for lack of standing where, although Pfizer suggested the patentee was likely to assert a claim of infringement, it "did not address in its briefing

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<sup>375</sup> *Id.*

<sup>376</sup> *Id.*

<sup>377</sup> *Gen. Elec. Co. v. United Techs. Corp.*, 928 F.3d 1349, 1353–54 (Fed. Cir. 2019) ("GE I");

<sup>378</sup> *Gen. Elec. Co. v. Raytheon Techs. Corp.*, 983 F.3d 1334, 1342 (Fed. Cir. 2020) ("GE II")

<sup>379</sup> 956 F.3d 1374, 1376-78 (Fed. Cir. 2020).

<sup>380</sup> *Id.*

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or supplemental evidence when that risk arose.”<sup>381</sup> The Federal Circuit noted that Pfizer filed the notice of appeal in January 2019, but did not submit evidence that the FDA approved its biosimilar until July 2019, and did not announce it would begin selling the biosimilar until October 2019. The Court also faulted Pfizer for not submitting evidence that would allow the Court “to evaluate whether it practices or intends to practice the patented methods in the course of making its biosimilar product.”<sup>382</sup>

By contrast, in *Altaire Pharmaceuticals v. Paragon Biotech*, the Federal Circuit (in a split decision) held that a petitioner who did not currently practice a patent, but had plans to launch an infringing product had standing to appeal a PTAB decision.<sup>383</sup> In that case, the Federal Circuit noted that Altaire was the company which intended to file the ANDA and would be at imminent risk of being sued—thus making the threat of litigation “real” and “imminent,” affecting Altaire “in a personal and individual way.”

## 2. Nonappealable issues

### a. Institution decisions (*Cuozzo*)

Under 35 U.S.C. § 314(d), the PTO’s decision of whether to institute IPR “shall be final and nonappealable.” In *Cuozzo*, the Supreme Court held that the decision to grant or deny a petition for IPR—i.e., whether a petition meets the requirements imposed by statute, such as whether the petitioner has shown a “reasonable likelihood of success” in prevailing as to at least one claim—was not subject to appellate review. This holding applies to both interlocutory appeals of an institution decision, or an appeal of a final written decision that raises questions related to the institution decision.<sup>384</sup>

In clarifying the types of challenges to an institution decision that are clearly barred under Section 314(d), the Court noted:

“where a patent holder merely challenges the Patent Office’s ‘determin[ation] that the information presented in the petition ... shows that there is a reasonable likelihood’ of success ‘with respect to at least 1 of the claims challenged,’ § 314(a), or where a patent holder grounds its claim in a statute closely related to that decision to institute inter partes review, § 314(d) bars judicial review. In this case, *Cuozzo*’s claim that Garmin’s petition was not pleaded “with particularity” under § 312 is little more than a challenge to the Patent Office’s conclusion, under § 314(a), that the “information presented in the petition” warranted review. We therefore conclude that § 314(d) bars

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<sup>381</sup> *Pfizer Inc. v. Chugai Pharm. Co.*, 812 F. App’x 979, 981 (Fed. Cir. 2020)

<sup>382</sup> *Id.*

<sup>383</sup> *Altaire Pharmaceuticals v. Paragon Biotech, Inc.*

<sup>384</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2137 (2016),

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Cuozzo’s efforts to attack the Patent Office’s determination to institute inter partes review in this case.”<sup>385</sup>

Beyond the language of § 314(d) itself, the Supreme Court noted that “a contrary holding would undercut one important congressional objective, namely, giving the Patent Office significant power to revisit and revise earlier patent grants. We doubt that Congress would have granted the Patent Office this authority, including, for example, the ability to continue proceedings even after the original petitioner settles and drops out, § 317(a), if it had thought that the agency’s final decision could be unwound under some minor statutory technicality related to its preliminary decision to institute inter partes review.”<sup>386</sup>

The Court left the door open for other types of challenges, emphasizing that their “interpretation applies where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate inter partes review.” *Id.* The Court accordingly left open the possibility for appeals that “implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond [section 314].”<sup>387</sup>

*Cuozzo* has been applied in several contexts in the time since, including mandamus, and APA challenges. E.g.:

- *Philips v. Iancu* – ruling the Court lacked jurisdiction to hear appellant’s APA challenge that the Board misapplied its own precedent in instituting IPR<sup>388</sup>
- *In re Cisco Sys. Inc.* – denying mandamus petition seeking to overturn PTO’s denial of an IPR where the PTO exercised its discretion under section 314(a) not to institute review<sup>389</sup>

*Cuozzo* served as the basis for other issues outside of section 314 that have also been found as nonappealable, discussed below.

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<sup>385</sup> *Id.*

<sup>386</sup> *Cuozzo*, 136 S. Ct. at 2139-42.

<sup>387</sup> *Id.*

<sup>388</sup> 829 F. App’x 967 (Fed. Cir. 2020) (*nonprecedential*)

<sup>389</sup> 834 F. App’x 571, 572 (Fed. Cir. 2020)

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**b. § 315(b) time bar determinations (*Thryv*)**

Following *Cuozzzo*, the Supreme Court issued a decision in *Thryv* holding that the PTO's determination on whether an IPR is time barred under § 315(b) is not reviewable by appeal since it is "closely related" to the PTO's decision on whether to institute the IPR.<sup>390</sup>

In making this determination, the Court found that section 314(d)'s "review bar is not confined to the agency's application of § 314(a), i.e. 'the question whether the petitioner has a reasonable likelihood of prevailing,'" because section 314(d)'s text renders "final and nonappealable" the "determination by the Director whether *to institute an inter partes review* under this section"—meaning a party "cannot contend on appeal that the agency should have refused 'to institute an inter partes review.'"

Accordingly, because Section 315(b)'s time bar is "integral to, indeed a condition on, institution," a contention that a petition is time barred is a "contention that the agency should have refused" to institute. The Court found that it needed not venture beyond the holding in *Cuozzzo*, because section 315(b) "easily meets [the] measurement" of being "closely tied to the application and interpretation of statutes related to the institution decision." In the Court's view, section 315(b) "expressly governs institution and nothing more."

**c. RPI and privity determinations (*ESIP Series 2*)**

Prior to *Thryv*, the Federal Circuit had found that if the PTO made rulings in the proceeding below as to real party in interest, (e.g., a motion to terminate the IPR for failure to join a real party in interest), that information could be reviewed as part of an appeal of the PTO's final written decision.<sup>391</sup>

In view of *Thryv*, the Federal Circuit revised its stance as to whether it could review information related to real party in interest on appeal. In *ESIP Series 2*, the Federal Circuit found that the Board's "§ 312(a)(2) real-party-in-interest determination is final and non-appealable."<sup>392</sup> Specifically, the Court there held:

In view of *Cuozzzo* and *Click-to-Call*, we find no principled reason why preclusion of judicial review under § 314(d) would not extend to a Board decision concerning the "real parties in interest" requirement of § 312(a)(2). ESIP's contention that the Board failed to comply with § 312(a)(2) is "a contention that the agency should have refused to institute an inter partes review." See *Click-To-Call*, 140 S. Ct. at 1373-74. Indeed, ESIP expressly argues that the agency should have refused to institute inter partes review because of Puzhen's failure to identify all "real parties in interest." Accordingly, we hold that ESIP's challenge to the Board's "real parties in interest" determination "raises

<sup>390</sup> *Thryv, Inc v. Click-To-Call Technologies, LP*, 589 U.S. \_\_\_\_, 140 S. Ct. 1367, 1374 (2020)

<sup>391</sup> See, e.g., *Wi-Fi One*.

<sup>392</sup> *ESIP Series 2, LLC v. Puzhen Life USA, LLC*, 958 F.3d 1378, 1386 (Fed. Cir. 2020),

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'an ordinary dispute about the application of' an institution-related statute," and that § 314(d) precludes our review of that determination. *Click-To-Call*, 140 S. Ct. at 1373-74 (quoting *Cuozzo*, 136 S. Ct. at 2141-42).

*ESIP Series 2* has been applied in at least two cases, confirming issues related to RPI are not reviewable:

- *Fall Line Patents, LLC v. Unified Patents, LLC*, 818 F. App'x 1014 (Fed. Cir. 2020) (nonprecedential)
- *Verify Smart Corp. v. Askeladden, L.L.C.*, 824 F. App'x 1015 (Fed. Cir. 2020) (nonprecedential)

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