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IP NEWS

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Federal Circuit: Applicant Admitted Prior Art Cannot Provide a “Basis” for a Ground of Unpatentability In an IPR, But Can be Cited for Other Purposes. When Congress enacted the America Invents Act and created the *inter partes* review (IPR) proceeding, it limited an IPR petition to challenging patentability “only on a ground that could be raised under section 102 or 103 [i.e., anticipation and obviousness] and only on the basis of prior art consisting of patents or printed publications.” 35 U.S.C. §311(b). Can the patentee’s admissions as to the scope and content of prior art in its own patent or patent application — commonly referred

to as applicant admitted prior art (AAPA) — be used in an IPR? According to the Federal Circuit, the answer to that question is “yes,” but not as a “basis” for a ground of unpatentability.

In *Qualcomm Inc. v. Apple Inc.*, Nos. 2020-1558, -1559, 2022 WL 288013 (Fed. Cir. Feb. 1, 2022), Apple filed two petitions for *inter partes* review, which challenged different claims of the same patent. Both petitions asserted the same two prior-art grounds against the different challenged claims: 1) obviousness over the combination of the “Steinacker” patent, the “Doyle” patent, and the “Park” publication; and 2) obviousness over the combination of the “Majcherczak” publication and AAPA consisting of “Figure 1 and its accompanying description” in the challenged patent.

In the instituted IPRs, the patentee Qualcomm “conceded that the combination of AAPA and Majcherczak teaches each

element of the challenged claims.” However, Qualcomm argued that such AAPA “cannot be used to challenge the validity of a patent in *inter partes* review” under the provisions of Section 311(b). The Patent Trial and Appeal Board (PTAB) rejected that argument in its final written decisions and found the challenged claims to be unpatentable over the combination of the AAPA and the Majcherczak publication.

On appeal, the Federal Circuit disagreed with the Board’s holding. The court construed the language of Section 311(b) as requiring that “the ‘patents or printed publications’ that form the ‘basis’ of a ground for *inter partes* review must themselves be prior art to the challenged patent.” This construction necessarily “excludes any descriptions of the prior art contained in the challenged patent” as qualifying as “patents or printed publications” under Section 311(b).

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The court acknowledged, however, that “it does not follow that AAPA is categorically excluded from an *inter partes* review.”

The Federal Circuit did not decide, however, whether Apple’s petitions improperly cited the AAPA as a “basis” for a ground of unpatentability under Section 311(b), or properly cited the AAPA for other purposes. Instead, the court noted only that, under its holding, it is “impermissible for a petition to challenge a patent relying on solely AAPA without also relying on a prior art patent or printed publication.” Accordingly, the court remanded to the PTAB.

Federal Circuit: After SAS, IPR Estoppel Extends to Prior-Art Grounds That Reasonably Could Have Been Raised in the Petition. The petitioner in an IPR that results in a final written decision, and the real parties in interest or privies of the petitioner, are statutorily estopped from later challenging the same patent claims “on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.” 35 U.S.C. §315(e)(1)-(2). In 2016, the Federal Circuit issued its decision in *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 817 F.3d 1293 (Fed. Cir.

2016), which construed this estoppel provision narrowly as applying only to the subset of prior-art grounds that were both raised in an IPR petition and instituted by the PTAB in an institution decision.

Shaw, however, was decided before the Supreme Court’s landmark decision in *SAS Institute, Inc. v. Iancu*, — U.S. —, 138 S. Ct. 1348, 200 L.Ed.2d 695 (2018). In *SAS*, the Supreme Court rejected the PTAB’s prior practice of partially instituting an *inter partes* review only on the specific grounds in the petition that the PTAB found were reasonably likely to succeed.

Until recently, it remained an open question as to whether the Federal Circuit’s narrow construction of the IPR estoppel provision in *Shaw* survived the Supreme Court’s decision in *SAS*. On Feb. 4, 2022, the Federal Circuit answered that question by holding that it did not.

In *California Inst. of Tech. v. Broadcom Ltd.*, Nos. 2020-2222, 2021-1527, 2022 WL 333669 (Fed. Cir. Feb. 4, 2022), one of the defendants in the case, Apple, had filed multiple petitions for *inter partes* review challenging the asserted patent claims. The PTAB instituted IPRs, but found that Apple failed to show the claims were unpatentable as

obvious in its final written decisions. Apple then proceeded to assert invalidity in the district court litigation over new combinations of prior art not asserted in the unsuccessful IPRs. The district court granted summary judgment of no invalidity, finding that Apple was estopped from asserting invalidity on the new prior-art grounds.

On appeal, the Federal Circuit affirmed that holding. The court overruled *Shaw*, finding that its prior narrow construction of the estoppel provision “cannot be sustained under the Supreme Court’s interpretation of related statutory provisions in *SAS*.” According to the Federal Circuit, “the reasoning of *Shaw* rests on the assumption that the Board need not institute on all grounds, an assumption that *SAS* rejected.”

