

# Divergent Decisions Highlight Uncertainty Of IPR Estoppel

By **Harper Batts and Li Guo** (May 4, 2023)

This year has so far proved that a primary issue of interest in patent disputes is the question of inter partes review estoppel, particularly with defendants frequently filing Sotera stipulations before the Patent Trial and Appeal Board to avoid discretionary denial of an IPR challenge under the Fintiv analysis.

Since June 21, 2022, when U.S. Patent and Trademark Office Director Kathi Vidal issued her directive concerning Sotera stipulations, most defendants have decided the most prudent course of action is to file a Sotera stipulation, limiting their ability to raise nonsystem art grounds in the district court if the parallel IPR is instituted.

This past month, the U.S. Court of Appeals for the Federal Circuit clarified the scope of IPR estoppel in *Ironburg Inventions Ltd. v. Valve Corp.*[1]

In *Ironburg*, the Federal Circuit provided guidance on what "reasonably could have raised" means in the context of prior art searches and prior art materials. Yet the question of how IPR estoppel is applied by district court judges has remained open. Two recent district court decisions highlight how differently the scope of IPR estoppel may be determined.

On April 6, U.S. District Judge F. Dennis Saylor IV of the U.S. District Court for the District of Massachusetts issued a decision in *Singular Computing LLC v. Google LLC*, allowing Google to proceed with presenting prior art systems after losing at its final written decision before the PTAB.[2]

Judge Saylor noted that it was undisputed that Google knew of the systems and corresponding evidence it intended to rely upon at the time of filing its IPR challenges.

A week later, on April 12, U.S. District Judge Alan Albright of the U.S. District Court for the Western District of Texas issued a decision in *Carolyn W. Hafeman v. LG Electronics Inc.*, denying LG's motion for summary judgment requesting that the priority chain of asserted patents be broken, and that the patents be found invalid as a matter of law.[3]

Consistent with his practice of providing succinct opinions, Judge Albright addressed this issue in less than half a page, denying LG's motion for summary judgment regarding whether the claims of the asserted patents were invalid as a matter of law.

Judge Albright also found that LG was estopped from raising the priority date issue of the patents because the same issue was raised before the PTAB in the proceedings in which LG's Sotera stipulations had been submitted.

## Introduction of System Art

In *Singular Computing v. Google*, Judge Saylor ruled that Google is estopped from using patents and printed publications that it was aware of or reasonably should have been aware at the time of the IPR proceeding, but permitted the introduction of system-based prior art.[4]



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The decision noted that "[t]he Patent Act says nothing about estopping invalidity claims that are 'cumulative' or 'duplicative' of those raised in an IPR proceeding."

The decision further stated:

While the court is mindful of the risk that parties may raise a system invalidity theory as "a patent or printed publication theory in disguise," the statute does not require that a court bar all system-based prior art simply because a party had access to a printed publication describing that system at the time of the IPR proceeding.

Furthermore, Judge Saylor noted that different pieces of evidence were also at play — including source code and witness testimony.

The decision also addressed the meaning of the term "ground" and consistent with the statutory text, explained that the statute uses the term "ground" in Section 311(b) to refer to an anticipation or obviousness claim, not a particular piece of evidence.[5]

### **LG's Motion for Summary Judgment**

In contrast, Judge Albright came to the opposite conclusion regarding a defendant relying upon system art.

The case against LG was filed in the Western District of Texas on July 2, 2021. Over a year later, Google and Microsoft Corp. filed six petitions for IPR against the asserted patents, and LG was named as a real-party-in-interest in all six petitions.

LG provided a Sotera stipulation stating that if any of the petitions were instituted, it would not pursue in the district court cases any ground that petitioners raised or reasonably could have raised during the instituted IPRs.

The petitioners filed two sets of petitions relying on two different priority dates. The PTAB granted institution on all grounds in all six IPRs on Jan. 31. LG filed a motion for summary judgment concerning the priority date issue, contending that new matter in subsequent applications broke the chain of priority, and also contending that the asserted patents were invalid as a matter of law.

In its motion, LG argued that the asserted patents cannot claim priority date to a 2004 application as the 2004 application lacked sufficient disclosure to support certain limitations of the asserted claims and the earliest effective filing date for the asserted claims is November 2013.

Because the plaintiff previously admitted that two systems practiced the asserted claims prior to November 2013, LG sought summary judgment under Section 102.

The plaintiff, Carolyn Hafeman, contended that the Sotera stipulation prohibited LG from raising the priority date issue. Hafeman contended that the priority dispute is a ground and pointed only to the Black's Law Dictionary as support, which defines "ground" as the "reason or point that something (as a legal claim or argument) relies on for validity."

Her argument was nonsensical, as the applicable statutory rules specifically state that an IPR petition includes the "specific statutory grounds under §102 or §103 on which the challenge to the claim is based and the patents or printed publications relied upon for each

ground."[6]

Moreover, in accordance with the rule language, the Federal Circuit has repeatedly referred to particular prior art references, or combinations thereof, as IPR grounds.

The actual grounds identified in the six IPRs were grounds of anticipation or obviousness. As with any invalidity determination, the priority date of the claims being challenged needed to be addressed.

Nevertheless, Judge Albright denied LG's motion. While providing little explanation, this order is problematic. There is no basis to conclude that IPR estoppel would prevent a party from requesting a determination of patent priority in district court.

By this decision's logic, any cases that involve parallel IPR proceedings for which claim construction has been requested by a petitioner and a Sotera stipulation submitted should be stayed — because the same issue, claim construction, has already been raised at the PTAB.

Equally problematic is the attenuated analysis concluding that the system prior art for the district court was not permitted because of the earlier-filed IPR actions. System prior art may be estopped when it is materially identical to disclosures in IPR art.

However, the order went far further. Specifically, LG relied upon one of the inventor's earlier patents in the IPR proceedings, combined with a reference that includes teaching regarding Apple Inc.'s Find My iPhone feature.

The order states, "Since the related IPRs here are relying on Ms. Hafeman's patents, and Ms. Hafeman has admitted that the Retriever and Find My iPhone practice her patents, there is 'no substantive difference' between these alleged references."[7]

This analysis contains numerous flaws. As an initial matter, whether an inventor contends or admits that a feature is covered by the inventor's patent is irrelevant.

And regardless of an inventor's positions, introduction of system art will include additional evidence that is not permitted in IPR proceedings, including physical exhibits, source code and witness testimony, which was unaddressed in the order.

## **Conclusion**

These two district court decisions highlight the huge stakes and uncertainty that exist with respect to the question of IPR estoppel.

A key question will be to what extent a defendant can compile evidence and materials for system art that goes beyond written publications that are far more likely be covered by IPR estoppel attacks.

As the body of law further develops, it will be notable to see whether a divergence appears across different district courts regarding estoppel contours. If so, such divergence will require differing approaches for litigants depending upon the specific forum of the dispute, and a reassessment of whether to provide Sotera stipulations for certain disputes.

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[1] *Ironburg Inventions Ltd. v. Valve Corp*, 64 F.4th 1274 (Fed. Cir. 2023).

[2] *Singular Computing LLC v. Google LLC*, 1-19-cv-12551-FDS, Dkt. 406 (D.Mass. Apr. 6, 2023).

[3] *Carolyn W. Hafeman, v. LG Electronics, Inc.*, No. 6:21-cv-00696-ADA, Dkt. 203 (W.D. Tex. Apr. 17, 2023).

[4] *Singular Computing LLC v. Google LLC*, 1-19-cv-12551-FDS (D.Mass. Apr. 6, 2023), Dkt. 406.

[5] See 35 U.S.C. § 312(a)(3) (stating that a petition for IPR must identify "the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim . . ." (emphasis added)); *Wasica*, 432 F. Supp. 3d at 454; but see *Medline*, 2020 WL 5512132, at \*4 (defining ground "to mean the specific piece of prior art or combination of prior art that a petitioner raised, or could have raised, to challenge the validity of a patent claim during an IPR").

[6] 37 C.F.R. §42.104(b)(2).

[7] *Carolyn W. Hafeman, v. LG Electronics, Inc.*, No. 6:21-cv-00696-ADA (W.D. Tex. Apr. 12, 2023), Dkt. No. 203, at 1-2.