



In IPR, No Collateral Estoppel Based on § 101 Ruling in District Court

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The patent at issue claims a gaming system network and method for delivering gaming media. In a related patent infringement case, the District of Nevada held the patent invalid as directed to an abstract idea under 35 U.S.C. § 101.

In a parallel IPR proceeding, the petitioner asserted that the challenged claims were invalid as obvious under 35 U.S.C. § 103. In its preliminary response, the patent owner argued that the petitioner was collaterally estopped from commencing IPR because the petitioner had already won a judgment of invalidity in district court. Although an appeal of that decision is pending, the patent owner argued that pendency of an appeal has no bearing on the issue preclusion analysis.

To evaluate the patent owner's collateral estoppel argument, the PTAB considered whether: (1) the prior action presented an identical issue; (2) the prior action actually litigated and adjudged that issue; (3) judgment in that prior action necessarily required determination of the identical issue; and (4) the prior action featured full representation of the estopped party.

The PTAB agreed with the petitioner that none of the required elements of collateral estoppel were met because the district court's invalidity holding was based on § 101, whereas only 35 U.S.C. §§ 102 and 103 arguments can be considered in an IPR. The district court action therefore did not present, or require determination of, an identical issue. Accordingly, the district court action did not actually litigate or adjudge the § 103 issues, or feature full representation of the petitioner on its § 103 arguments. The PTAB likened the facts and reasoning here to those in another recent IPR proceeding, in which the PTAB declined to

exercise its discretion to deny institution based on a district court's § 101 ruling in a parallel proceeding.

Upon rejection of the patent owner's collateral estoppel argument, the PTAB analyzed the petitioner's obviousness arguments and instituted the IPR.

Practice Tip: Patent challengers who have successfully invalidated a patent in district court should consider raising unaddressed invalidity grounds that are not subject to collateral estoppel in a given PTAB proceeding. This dual-pronged approach could provide patent challengers with alternate, and independently sufficient, bases to invalidate the claims of a target patent.

Playtika Ltd. v. NexRF Corp, IPR2021-00951, Paper 14 (PTAB Dec. 6, 2021).

Categories

Patent Trial & Appeal Board

35 U.S.C. § 101

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