



District Court Adopts Narrow Reading of *Shaw* and Finds that IPR Estoppel Applies to Manuals for Prior Art Products

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Following precedent from the Western District of Wisconsin, a senior judge in the Eastern District of Virginia recently adopted a narrow reading of *Shaw*. In *Cobalt Boats*, plaintiff filed suit against defendants on a single patent—the '880 patent—whose subject matter relates to a retractable step for use with a boat in water. Shortly after the lawsuit was filed, defendants filed an IPR petition challenging every claim of the '880 patent. The PTAB instituted proceedings and ultimately found that three of the '880 patent claims were not patentable. In the litigation, plaintiff later filed a motion in limine to preclude defendants from asserting various invalidity arguments that were not raised as grounds for unpatentability during the IPR. Plaintiff's motion was granted in part in an Opinion and Order dated June 5, 2017.

In that Opinion and Order, the court applied a narrow reading of *Shaw* because the Federal Circuit “was only making observations in dicta, and it had no occasion to consider restricting estoppel in the manner that other districts have interpreted it.” The court also noted that a broad reading of *Shaw* would “render[] the IPR estoppel provisions essentially meaningless because parties may pursue two rounds of invalidity arguments as long as they carefully craft their IPR petition.” Therefore, the court stated that estoppel necessarily applies to arguments that a petitioner “could have raised in the IPR petition or at the IPR itself.”

The court ultimately found that defendants were estopped from raising certain invalidity grounds based on a competitor's product manuals, which were reasonably available from searches and “undoubtedly” printed publications. Whether defendants knew about the competitor's products was an issue of credibility, but the court did “not believe that

[d]efendants were unaware of a larger competitor’s product lines” Accordingly, the prior art publications could have been raised as grounds for unpatentability in the IPR petition. Under the narrow reading of *Shaw*, defendants’ invalidity arguments based on the product manuals could not escape estoppel.

The court also addressed other invalidity grounds raised by defendants, including arguments based on a combination of prior art **products**—not patents and printed publications. Given the sparse authority on this issue, the court deferred ruling on “whether [d]efendants [were] using a tenuous connection to a product to avoid estoppel or ha[d] genuine arguments on the evidence.”

Cobalt Boats, LLC v. Sea Ray Boats, Inc. et al, No. 2:15cv21 (VAED June 5, 2017, Opinion & Order) (Morgan, SJ)

Categories

District Court

35 U.S.C. § 315(e)(2) estoppel

Inter Partes Review

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