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Calling a Printed Publication a "System" is Not Enough to Avoid IPR Estoppel

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On January 10, 2017, Plaintiff filed a complaint for patent infringement against Defendant. In response, Defendant filed IPR petitions against the patents-in-suit. The district court stayed the litigation pending resolution of the IPRs. After the Board issued its final written decisions in the IPRs—which invalidated only some of the patents—the court partially lifted the stay of the action as to the patents that survived the IPR. On November 12, 2019, Plaintiff and Defendant filed cross-motions for summary judgement. Among the motions was Plaintiff's motion for partial summary judgment of no obviousness based on IPR estoppel under § 35 USC 315(e)(2).

Under § 315(e)(2), IPR estoppel applies when "(1) a final written decision is issued in an IPR; (2) the contention at issue asserts invalidity under §§ 102 or 103 based only on prior art consisting of patents or printed publications; and (3) the contention at issue either was raised or reasonably could have been raised during the IPR."

Plaintiff argued that § 315(e)(2) applied because all of the prior art references asserted in Defendant's expert's report were classified as either patents or printed publications and, thus, should have been asserted in the IPR proceeding. In response, Defendant argued that each of its expert's obviousness combinations included at least one "system" prior art reference—i.e., the Microsoft Outlook Software System reference, the Microsoft Server System reference, the Nokia 7xxx Series Mobile Phone System reference and the Pocket PC Phone System reference—which could not have been raised during the IPR proceeding because they are not patents or printed publications.

The Court agreed with Plaintiff and held that IPR estoppel applies. In doing so, the Court noted that "'if a patent challenge is simply swapping labels for what is otherwise a patent or printed publication invalidity ground in order to 'cloak' its prior art ground and 'skirt' estoppel,' then § 315(e)(2) estoppel still applies." The Court explicitly rejected Defendant's argument that using the term "system" to refer to the relevant prior art references in its invalidity contentions was sufficient to avoid estoppel. In fact, the court noted that Defendant described the alleged "system" references as "patents and publications" in its contentions and even explained that the reference names were merely a "short name" for the reference and not the actual description of the reference. As a result, the court found that Defendant relied *only* on printed publications in its obviousness theories of invalidity, specifically ones that "reasonabl[y] could have been raised during the IPR." Defendant was therefore estopped under § 315(e)(2) from asserting invalidity based on obviousness.

Practice Tip: A district court defendant that wants to rely on a prior art system in order to avoid IPR estoppel should make clear in its invalidity contentions that it is relying on the actual system itself, rather than a patent or printed publication describing the system. Moreover, practitioners should take care when labeling types of prior art references, as courts may not allow labels to be swapped in order to avoid § 315(e)(2) estoppel.

Vaporstream, Inc. v. Snap, Inc., No. 2:17-cv-00220-MLH (KSx) (C.D. Cal. Jan. 13, 2020)

Categories

Patent Trial & Appeal Board | Prior Art | 35 U.S.C. § 315(e)(2) estoppel | Inter Partes Review

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