



Federal Circuit Upholds USPTO Authority to Estop Patentees from Obtaining Patent Claims 'Not Patentably Distinct' from Previously Invalidated Claims

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The Federal Circuit recently upheld the USPTO's authority under the estoppel provision 37 C.F.R. § 42.73(d)(3)(i) to prohibit a patent owner from obtaining patent claims that are not patentably distinct from claims previously declared unpatentable in *inter partes* review (IPR) proceedings. However, the court clarified that the regulation applies only to new claims or amended claims, not previously issued claims.

Various phone manufacturers challenged the validity of different claims of U.S. Patent No. 7,461,353 ("the '353 patent") through a range of PTO proceedings, including *ex parte* and *inter partes* reexaminations, as well as a petition for IPR. The Board stayed all reexamination proceedings pending the outcome of the IPR. In its final written decision in the IPR, the Board found that each of the 18 challenged claims were unpatentable. The Federal Circuit affirmed that decision and the challenged claims were cancelled. However, 301 claims remained in the '353 patent. As a result, the Board lifted the stays of the reexaminations and proceeded to consider the validity of the remaining claims.

During the *ex parte* reexamination, patent owner submitted 107 amended claims, which were then deemed patentable over the prior art. Each amended claim combined limitations from claims previously found invalid in the IPR by, for example, combining the device of one claim together with the method of another.

In the *inter partes* reexaminations, the examiner rejected the majority of the remaining claims on obviousness grounds. On appeal, the Board reversed the examiner, but then rejected all pending claims, including both amended and previously issued claims, in view of 37 C.F.R. §

42.73(d)(3)(i). That regulation states: “A patent applicant or owner is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent: (i) a claim that is not patentably distinct from a finally refused or canceled claim.” According to the Board, each remaining claim was either essentially the same as a canceled claim or a combination of limitations that had been previously invalidated in the IPR. And because the claims were not “patentably distinct” from the invalidated claims, all claims must be deemed invalid.

On appeal, the patent owner challenged the Board’s decision on three grounds. First, it argued that the Board misinterpreted the regulation, giving it a broader scope than the common law rule of collateral estoppel. Second, the patent owner argued that the Board lacked statutory authority to implement a regulation that governed the estoppel effect of IPR decisions in subsequent PTO proceedings. Third, the patent owner argued that, as written, the regulation does not apply to previously issued claims.

On the first argument, the Federal Circuit recognized the Board applied the term “patentably distinct” in the regulation as it had previously done in obviousness-type double patenting cases and in interference proceedings, and held this was the correct approach considering the similar purpose of the term in all three settings: to prohibit a patentee from exploiting patent claims that are materially indistinguishable from previously expired or invalidated claims. While the patent owner argued that “not patentably distinct” should be interpreted to mean “substantially the same,” and the court agreed that the two terms are equivalent, the Federal Circuit concluded that the outcome would be the same.

As to patent owner’s second argument, that the regulation should be construed to adopt the common law principles of collateral estoppel, the Federal Circuit noted that the plain text of §42.73(d)(3)(1) goes beyond the common law rule of collateral estoppel by seeking a comparison between the claims an applicant was obtaining and the “finally refused or canceled claim.”

This led to the question of whether the PTO has authority to implement §42.73(d)(3)(1). The Federal Circuit concluded that it does. Under 35 U.S.C. § 316(a)(4), the USPTO is authorized to prescribe regulations “establishing and governing *inter partes* review . . . and the relationship of such review to other proceedings under this title.” Because the regulation prevents a patent owner or applicant from acting inconsistently with the outcome of an IPR proceeding, it “govern[s] *inter partes* review,” and falls under the authority granted by § 316(a)(4).

Finally, because patent owner did not make any specific arguments as to whether the amended claims were patentably distinct from the canceled claims, the Federal Circuit affirmed the Board’s application of §42.73(d)(3)(1) to the amended claims.

However, the court sided with patent owner regarding its previously issued claims, holding that the Board’s application of §42.73(d)(3)(1) to previously issued claims, rather than only amended claims, was improper. As such, and due to the plain language in the regulation pertaining to “obtaining” a claim, the court vacated and remanded the Board’s decision as to the previously issued claims.

Practice Tip: A patent holder attempting to overcome an adverse judgment in an IPR through reexamination should ensure that any new or amended claims are “patentably distinct” from the previously canceled claims. As a guide marker, the patent holder should determine whether a new or amended claim is non-obvious in that it “is more than the predictable use of the elements of the cancelled claims according to their established functions.” Likewise, a patentee should endeavor to do more than merely combine existing limitations to avoid the argument that the new or amended claims are nothing “more than the obvious sum of their parts.”

Softview LLC v. Apple Inc., 108 F.4th 1366 (Fed. Cir. 2024).

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