



Federal Circuit: PTAB Decision of Invalidity Cannot Estop District Court Litigation on Different Claims from the Same Patent, Even When the Claims are Patentably Indistinct

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By: Nia E. Kyritsis, Jason Weil, Rachel J. Elsby

The Federal Circuit recently refused to apply collateral estoppel to claims of a patent asserted in district court litigation based on a Patent Trial and Appeal Board (PTAB) decision finding similar claims from the same patent unpatentable because the PTAB applied a lower burden of proof than what is required to invalidate claims in district court.

In this case, the patentee filed suit in the District of Delaware alleging infringement of 13 exemplary claims of a patent generally directed to incentive programs over a computer network. The defendant responded by challenging 21 claims of the asserted patent over two IPR proceedings. In the IPRs, the PTAB found all of the challenged claims unpatentable, and the Federal Circuit summarily affirmed that decision.

After the statutory deadline passed for defendant to file additional IPR petitions, the patentee amended its complaint to assert **different**, unchallenged claims **from the same patent**. Defendant moved to dismiss the amended complaint, arguing that the patentee was collaterally estopped from asserting the new claims in view of the PTAB and Federal Circuit decisions. The district court granted the motion to dismiss. According to the district court, the decision turned on whether the issues decided by the PTAB were identical to the issues raised in the district court. The district court found the newly asserted claims “immaterially different” from the claims challenged in IPR, and therefore determined that the issues before both tribunals were identical. Thus, collateral estoppel applied to the newly asserted claims because they “do not materially alter the question of invalidity.”

On appeal, the Federal Circuit reversed. The Federal Circuit acknowledged that the district court applied the correct legal framework for collateral estoppel, but reversed because the district court overlooked the well-known exception to collateral estoppel—when the actions involve the application of different legal standards, such as different burdens of proof, collateral estoppel does not apply. Because the PTAB applies the preponderance standard while district courts apply the clear and convincing standard to questions of invalidity, the PTAB's unpatentability determinations regarding different claims necessarily fall within this exception. And as a result, there can be no collateral estoppel in a case like this where the claims reviewed by the PTAB are different from the claims asserted in district court.

The Federal Circuit likened this case to its decision in *ParkerVision, Inc. v. Qualcomm Inc.*, where it reversed a district court's decision to limit expert testimony regarding the validity of method claims from a patent where the PTAB previously found the apparatus claims of the same patent invalid. 116 F.4th 1345, 1360–61 (Fed. Cir. 2024). There too, the Federal Circuit refused to apply collateral estoppel in view of the differing burdens of proof applied by the PTAB and district court.

In reaching this decision, the Federal Circuit also distinguished prior case law, explaining that even though collateral estoppel does not apply in this case because the amended complaint asserted different claims than those found unpatentable in the IPR, that does not mean claims found unpatentable in an IPR (and affirmed by the Federal Circuit) can be asserted in district court. Those claims are barred from district court litigation because, as a ministerial matter, they no longer exist, i.e., they have been cancelled as a matter of law.

Practice tip: While a prior invalidity ruling from **district court** can be used to collaterally estop a patentee from asserting new, but immaterially different claims in **district court**, patentability determinations in an IPR cannot. This decision highlights the potential limitations of IPRs, particularly for patents that contain numerous claims.

Kroy IP Holdings, LLC v. Groupon, Inc., No. 2023-1359, 2025 WL 440509 (Fed. Cir. Feb. 10, 2025)

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