




11-2018

## The Scope of IPR Estoppel: A Statutory, Historical, and Normative Analysis

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# THE SCOPE OF IPR ESTOPPEL: A STATUTORY, HISTORICAL, AND NORMATIVE ANALYSIS

*Christa J. Laser\**

## Abstract

When Congress implemented *inter partes* review (IPR) and other patent post-grant proceedings through the passage of the America Invents Act (AIA) in 2011, it provided that petitioners would be estopped in later proceedings from raising grounds for invalidity that they “raised or reasonably could have raised during that *inter partes* review.” 35 U.S.C. § 315(e)(2). However, substantial uncertainty in courts’ interpretation of this provision causes an enormous impact on an accused patent infringer’s decision of whether and on what grounds to petition for review. One reading of the statutory estoppel provision suggests that “during that *inter partes* review” refers to the time period after institution of the IPR and before a final decision from the Patent Trial and Appeal Board (PTAB). However, although the Federal Circuit has generally favored a textualist reading of this statute, it has yet to address how the estoppel standard would apply to grounds that the petitioner chose not to include in the petition for IPR. Lower courts have taken widely divergent approaches in this and various other factual scenarios where estoppel might apply, with some courts assessing legislative history to determine that Congress intended estoppel to apply broadly to any grounds that could have been raised in the petition. These courts often engage in complex assessments of what prior art the petitioner should have known about and added to the petition, which adds unnecessary complexity and cost to their determinations. This Article will explain that a narrow, textualist reading of the IPR estoppel provision is consistent with Supreme Court precedent on statutory interpretation and is justified in light of the strict limits on IPR petitions adopted by the PTAB—limits that Congress did not foresee and which effectively restrict the grounds for invalidity that a petitioner may raise during the IPR. When the Federal Circuit or the Supreme Court next has occasion to consider this issue, it should hold that IPR estoppel applies narrowly only to grounds actually raised and instituted.

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## INTRODUCTION

On September 16, 2011, the Leahy-Smith America Invents Act (AIA)<sup>1</sup> was signed into law with goals that included improving patent quality and providing new, more efficient means to challenge the validity of issued patents.<sup>2</sup> Among other changes, the AIA granted the United States Patent and Trademark Office (USPTO) the authority to conduct three new forms of adversarial challenges to an issued patent: *inter partes* review (IPR), post-grant review (PGR), and covered business method review (CBMR).<sup>3</sup> The AIA further provided that, after the Patent Trial and Appeal Board (PTAB) issues a final written decision as to the validity of a patent claim in an IPR or PGR, the petitioner or the party bringing the challenge, or its privy, is estopped from asserting in any later USPTO proceeding, civil litigation, or Section 337 investigation before the International Trade Commission (ITC) that the patent claim is invalid “on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review”; in the case of PGRs, the petitioner is estopped from asserting claims of invalidity that it “raised or reasonably could have raised during that post-grant review.”<sup>4</sup> The precise scope of this provision is hardly settled, but it has caused a significant consideration for nearly every accused infringer in patent litigation since the passage of the AIA: Do I risk being estopped from raising evidence of invalidity if I choose to challenge this patent’s validity faster, and potentially cheaper, at the PTAB?

One reading of the estoppel provisions, and the one advocated in this Article, is that the phrase “during that . . . review” modifies “raised or reasonably could have raised” and refers only to the pendency of the review, that is, the time period after institution. Under this reading, a petitioner is not estopped from raising grounds for invalidity in litigation

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1. Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified as amended in scattered sections of 35 U.S.C.).

2. H.R. REP. NO. 112-98, pt. 1, at 39–40 (2011). See *infra* Part IV for a detailed discussion of the impetus and goals for the AIA.

3. See H.R. REP. NO. 112-98, pt. 1, at 39–40, 46–48, 54.

4. 35 U.S.C. §§ 315(e)(2), 325(e)(2) (2012). Following CBMR, the same provision as following PGR applies only in later USPTO proceedings, whereas in civil litigation or ITC proceedings, the petitioner is estopped from raising “any ground that the petitioner raised during that transitional [CBMR] proceeding.” AIA sec. 18(a)(1).

when it declined to include those grounds in its petition for IPR or PGR. This reading is consistent with the AIA's statutory framework for post-grant proceedings, which clearly delineates the difference between the pendency of the post-grant proceeding and the threshold inquiry into whether to institute the review.<sup>5</sup> This narrow reading is also the only appropriate reading of the AIA's estoppel provisions under the Supreme Court's modern, more textualist approach to statutory interpretation.<sup>6</sup>

The Federal Circuit has generally favored a textualist reading of this statute, but it has yet to address how the estoppel standard would apply to grounds that the petitioner chose not to include in the petition for IPR or PGR. The Supreme Court likewise has not addressed this issue. Yet many lower courts, after reviewing legislative history that indicates Congress intended estoppel following IPRs to apply to any grounds that reasonably could have been raised in the petition, have applied a broader interpretation of estoppel than a textualist approach would support. In addition to deviating from sound principles of statutory interpretation, this broad approach is inconsistent with the historical limits on estoppel and the AIA's patent quality goals.

Section I of this Article provides an overview of the AIA's post-grant proceedings and associated estoppel provisions. Section II A describes the Supreme Court's shift in statutory interpretation toward textualism. Applying this textualist approach, the remainder of Section II examines the statutory context of the AIA's estoppel provisions and the historical meaning of key statutory terms in the common law to demonstrate that statutory estoppel under the AIA should only apply to grounds for invalidity that could be raised during the IPR or PGR (those grounds upon which the PTAB instituted review).

Section III of this Article discusses how courts, including the Federal Circuit, have interpreted the AIA's estoppel provisions in prior cases. In Section IV, this Article details the surprising legislative history of the AIA's estoppel provisions, which indicates that Congress intended estoppel to apply narrowly following PGRs and more broadly only following IPRs. This Article then concludes with a policy analysis in Section V, which explains that a narrow reading of the AIA's estoppel provisions better supports the AIA's patent quality goals, particularly in light of the strict procedural limits on post-grant proceedings that render the proceedings an incomplete alternative to district court litigation. To accomplish Congress's stated patent quality goals, poor quality patents must be subject to thorough adversarial review. As this Article will explain, these goals are undermined by broadening IPR estoppel so far

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5. See 35 U.S.C. § 314(a).

6. *Infra* Part II.

that grounds for invalidity not tested in post-grant review may nonetheless be precluded from judicial review.

### I. THE AIA'S POST-GRANT PROCEEDINGS AND ASSOCIATED ESTOPPEL PROVISIONS

Among the AIA's three new post-grant proceedings (IPR, PGR, and CBMR), the most widely used and widely known is IPR.<sup>7</sup> IPR is an adversarial proceeding concerning an issued patent that is conducted by a panel of three administrative law judges on the PTAB.<sup>8</sup> A petition for IPR may challenge the patentability of any AIA patent issued at least nine months prior to the petition—or any patent issued under pre-AIA procedures, starting immediately after issuance—as either anticipated by prior art under 35 U.S.C. § 102 or obvious under 35 U.S.C. § 103.<sup>9</sup> The grounds for unpatentability must be based only on prior art consisting of patents or printed publications.<sup>10</sup>

Whereas court cases proceed immediately upon the filing of the complaint, a party challenging a patent at the PTAB must first submit a petition requesting institution of the IPR.<sup>11</sup> PTAB procedural rules substantially limit the contents of this petition.<sup>12</sup> In the initial years of post-grant proceedings, PTAB rules limited petitions for IPR to sixty pages of size fourteen font, including claim charts (which were required to be presented in portrait orientation).<sup>13</sup> After pushback from stakeholders, the PTAB recently modified the page limitation to a word

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7. U.S. PATENT & TRADEMARK OFFICE, PATENT TRIAL AND APPEAL BOARD STATISTICS 2 (2017), [https://www.uspto.gov/sites/default/files/documents/AIA%20Statistics\\_March2017.pdf](https://www.uspto.gov/sites/default/files/documents/AIA%20Statistics_March2017.pdf) [<https://perma.cc/TW3L-LPBJ>] (noting that IPRs constituted 92% of the 6700 total AIA petitions filed as of 2017, CBMRs constituted 7%, and PGRs constituted 1%).

8. See 35 U.S.C. §§ 6(c), 311(a).

9. *Id.* § 311. After passage of the AIA, a technical amendment permitted IPRs to be filed on patents issued under the prior first-to-invent system immediately after issuance, rather than nine months after issuance. Leahy-Smith America Invents Act Technical Corrections, Pub. L. No. 112-274, § 1(d), 126 Stat. 2456, 2456 (2013). A petition for IPR may not be filed during the pendency of a PGR. 35 U.S.C. § 311(c). IPRs also may not be filed if the petitioner previously filed a civil action challenging validity or was sued for infringement of the patent more than one year prior. *Id.* § 315(a)–(b); 37 C.F.R. § 42.101 (2017).

10. 35 U.S.C. § 311(b).

11. See *id.* §§ 312, 314(c); *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375 (Fed. Cir. 2014) (“The statute separates the Director’s decision to ‘institute’ the review, § 314, on one hand, from the Board’s ‘conduct’ of the review ‘instituted’ by the Director, § 316(c) . . .”).

12. See 37 C.F.R. § 42.24.

13. 37 C.F.R. § 42.24 (2015) (setting out page limitations); *id.* § 42.6(a)(2) (requiring size fourteen font, as well as double spacing in the body of the petition); *id.* § 1.52(a)(1)(iii) (requiring all Patent Office filings to be submitted in portrait orientation).

count limitation effective May 2, 2016,<sup>14</sup> but it remains restrictive. Under current rules, petitions for IPR are limited to 14,000 words including claim charts.<sup>15</sup> Because petitioners are frequently unable to include and adequately explain all possible grounds for unpatentability in a petition of only 14,000 words, these procedures effectively limit the number of grounds a petitioner may include in the petition for review. This differs from court proceedings, where parties may include all possible grounds for invalidity in their pleadings, subject only to the limits of Rule 11.<sup>16</sup>

After the petitioner files its petition for review, the patent owner may file a preliminary response to the petition setting out the reasons why review should not be instituted.<sup>17</sup> Within three months of that response, the PTAB will issue a determination of whether to institute review.<sup>18</sup> The determination to institute is based on a threshold finding of whether the petition for review “shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 [one] of the claims challenged in the petition.”<sup>19</sup> The AIA also permits the PTAB to deny a petition if it presents “the same or substantially the same prior art or arguments” as previously before the Office.<sup>20</sup> The PTAB’s decision of whether to institute review is final and non-appealable.<sup>21</sup>

Prior to the Supreme Court’s decision in *SAS Institute Inc. v. Iancu*<sup>22</sup> in 2018, the Patent Office typically granted partial institutions, instituting review only as to those grounds in the petition that the PTAB believed were likely to succeed.<sup>23</sup> The PTAB also sometimes declined to institute

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14. Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 Fed. Reg. 18,750, 18,750 (Apr. 1, 2016).

15. 37 C.F.R. § 42.24 (2017).

16. FED. R. CIV. P. 11.

17. 35 U.S.C. § 313 (2012). This response must be filed within three months. 37 C.F.R. § 42.107. To expedite proceedings, a patent owner may file an election to waive the preliminary response. *Id.* The petitioner may seek leave to reply to a preliminary response on a showing of good cause. *Id.* § 42.108(c).

18. 35 U.S.C. § 314(b).

19. *Id.* § 314(a).

20. *Id.* § 325(d) (“In determining whether to institute or order a proceeding under this chapter [PGR and CBMR], chapter 30 [reexamination], or chapter 31 [IPR], the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.”). This authority is separate from and in addition to the estoppel effect of prior decisions. *See id.* §§ 315(e), 325(e).

21. *Id.* § 314(d).

22. 138 S. Ct. 1348 (2018).

23. *See* 37 C.F.R. § 42.108 (2016) (“When instituting *inter partes* review, the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim. . . . *Inter partes* review shall not be instituted for a ground of unpatentability unless the Board decides that the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable.”), *invalidated in part by SAS Inst. Inc.*, 138 S. Ct. 1348 (2018).

review on grounds that it considered “redundant” with other grounds upon which it did institute review, either because of substantive overlap or other (often unstated) justifications.<sup>24</sup> However, following the Supreme Court’s *SAS Institute* decision, the PTAB may no longer grant partial institutions; if the PTAB finds that there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition, the PTAB must institute review as to all grounds and all challenged claims.<sup>25</sup>

The PTAB’s written institution decision sets out the grounds being instituted and a date “on which the review shall commence.”<sup>26</sup> The parties to an IPR may participate in limited discovery that includes depositions of declarants, such as expert witnesses, and any discovery the parties agree to between themselves, with additional discovery only available upon a motion demonstrating that it is “in the interests of justice.”<sup>27</sup> Evidence presented must comport with the Federal Rules of Evidence, and parties may file motions to exclude, or for protective orders, in accordance with these rules.<sup>28</sup> Before the PTAB issues its final written decision, the parties are entitled to an oral hearing.<sup>29</sup> Unlike courts, which will only find a patent invalid based on “clear and convincing evidence,”<sup>30</sup> the PTAB may find claims unpatentable after issuance if a “preponderance of the evidence” demonstrates their unpatentability.<sup>31</sup> The pendency of review from institution to final decision will generally be no more than one year.<sup>32</sup> Either party may appeal an adverse final decision directly to the Federal Circuit.<sup>33</sup>

The AIA provides for statutory estoppel following the PTAB’s final written decision in an IPR.<sup>34</sup> Specifically, the petitioner to an IPR of a

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24. See *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1299 (Fed. Cir. 2016) (discussing the PTAB’s redundancy rules and noting that the Federal Circuit lacks jurisdiction to review the Board’s decision to decline review on redundancy grounds), *cert. denied*, 137 S. Ct. 374 (2016). Some judges raised the concern that the PTAB’s frequent failure to “provide a reasoned basis how or why grounds are ‘redundant’” violated the Administrative Procedures Act and was problematic under a broad reading of the estoppel provision. *Id.* at 1302–05 (Reyna, J., concurring).

25. *SAS Inst. Inc.*, 138 S. Ct. at 1354–60.

26. 35 U.S.C. § 314(c).

27. *Id.* § 316(a)(5); 37 C.F.R. § 42.51.

28. 37 C.F.R. §§ 42.54, 42.62, 42.64.

29. 35 U.S.C. § 316(a)(10).

30. *Microsoft Corp. v. I4I Ltd. P’ship*, 564 U.S. 91, 95 (2011) (“§ 282 requires an invalidity defense to be proved by clear and convincing evidence.”).

31. 35 U.S.C. § 316(e).

32. *Id.* § 316(a)(11). This may be extended up to six months on a showing of good cause. *Id.*

33. *Id.* §§ 141(c), 319; see also *id.* § 329 (providing appeal to the Federal Circuit following PGR and CBMR).

34. *Id.* § 315(e).



patent claim addressed in a final written decision is barred from later raising any ground for invalidity at the USPTO or in courts or the ITC “that the petitioner raised or reasonably could have raised during that inter partes review”:

(e) Estoppel.—

(1) Proceedings before the office.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

(2) Civil actions and other proceedings.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.<sup>35</sup>

The AIA also created PGR proceedings. A petition for PGR may challenge patentability on any ground that may serve as an invalidity defense under § 282, including obviousness, novelty, indefiniteness, and patentable subject matter, with no limitations on the type of prior art that may be raised.<sup>36</sup> A PGR must be filed within nine months of patent issuance.<sup>37</sup> Like IPRs, PGRs are conducted before a panel of administrative law judges on the PTAB and include the right to limited discovery and a hearing.<sup>38</sup> Also like IPRs, petitions for PGR are subject to procedural limitations, including a maximum word count, though the word count is higher than that applicable to petitions for IPR.<sup>39</sup>

The estoppel provision applicable to PGR is substantially identical to that applicable in IPR:

(e) Estoppel.—

(1) Proceedings before the office.—The petitioner in a post-

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35. *Id.*

36. *Id.* § 321(b).

37. *Id.* § 321(c).

38. *Id.* § 326(a), (c).

39. 37 C.F.R. § 42.24 (2017) (18,700 words vs. 14,000 words).

grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that post-grant review.

(2) Civil actions and other proceedings.—The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that post-grant review.<sup>40</sup>

The third new post-grant proceeding, CBMR, is a transitional proceeding—available until September 15, 2020—that is reserved for challenges to the validity of “covered business method” patents, which are defined in the statute as patents that claim “performing data processing or other operations used in the practice, administration, or management of a financial product or service,” except “technological inventions.”<sup>41</sup> The petitioner may petition for CBMR any time after patent issuance.<sup>42</sup> CBMR otherwise generally incorporates the standards and procedures applicable to PGR, with the exception of the portion of PGR’s estoppel provision applicable in courts and the ITC.<sup>43</sup> Estoppel following CBMR is available in these fora on grounds “raised during that transitional proceeding”:

The petitioner in a transitional proceeding that results in a final written decision under section 328(a) of title 35, United States Code, with respect to a claim in a covered business method patent, or the petitioner’s real party in interest, may not assert, either in a civil action arising in whole or in part

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40. 35 U.S.C. § 325(e).

41. AIA, Pub. L. No. 112-29, sec. 18(d)(1), 125 Stat. 284, 331 (2011) (codified as amended in scattered sections of 35 U.S.C.); 37 C.F.R. 42.300(d).

42. AIA sec. 18(a)(1)(A) (“The transitional proceeding implemented pursuant to this subsection shall be regarded as, and shall employ the standards and procedures of, a post-grant review under chapter 32 of title 35, United States Code, subject to the following: (A) Section 321(c) of title 35, United States Code, and subsections (b), (e)(2), and (f) of section 325 of such title shall not apply to a transitional proceeding.”).

43. *Id.*

under section 1338 of title 28, United States Code, or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 (19 U.S.C. [§] 1337), that the claim is invalid on any ground that the petitioner raised during that transitional proceeding.<sup>44</sup>

## II. APPLYING THE SUPREME COURT'S MODERN, TEXTUALIST APPROACH TO STATUTORY INTERPRETATION

### A. *The Supreme Court's Textualist Turn*

Prior to the 20th century, American law typically followed a rule of “no recourse” in statutory interpretation; a text’s meaning was derived from its words and without resort to legislative history.<sup>45</sup> Yet, in a period lasting at least half of the 20th century and peaking in the 1970s and 1980s, the Supreme Court began to find importance in legislative intent. During that period, the Court resorted more frequently to legislative history and other sources external to statutory text, both to resolve ambiguities in the text and even to reinterpret clear text according to apparent legislative intent or purpose.<sup>46</sup> That period is waning; particularly over the last twenty years, the Supreme Court has shifted again to an increasingly textualist approach to statutory interpretation, in part due to the late Justice Scalia’s influence on the Court.<sup>47</sup> These

44. *Id.* sec. 18(a)(1)(D).

45. *United States v. Trans-Missouri Freight Ass’n*, 166 U.S. 290, 318 (1897) (“[D]ebates in Congress are not appropriate sources of information from which to discover the meaning of the language of a statute passed by that body.”); *Ogden v. Saunders*, 25 U.S. 213, 332 (1827) (“[W]ords are to be understood in that sense in which they are generally used by those for whom the instrument was intended . . . .”); ALEXANDER HAMILTON, OPINION ON THE CONSTITUTIONALITY OF AN ACT TO ESTABLISH A BANK (1791), reprinted in 8 THE PAPERS OF ALEXANDER HAMILTON 63, 111 (Harold C. Syrett ed., 1965) (“[W]hatever may have been the intention of the framers of a constitution, or of a law, that intention is to be sought for in the instrument itself . . . .”); ANTONIN SCALIA & BRYAN A. GARNER, *READING LAW: THE INTERPRETATION OF LEGAL TEXTS* 369–72 (2012) (collecting citations on historical American statutory interpretation) (“The law as it passed is the will of the majority of both houses, and the only mode in which that will is spoken is in the act itself.” (quoting *Aldridge v. Williams*, 44 U.S. 9, 15 (1845))).

46. *Train v. Colo. Pub. Interest Research Grp., Inc.*, 426 U.S. 1, 10 (1976); SCALIA & GARNER, *supra* note 45, at 373–74 (collecting research noting a peak in the citation of legislative history in the 1970s and a return to lower rates of citation in the early 2000s); Jorge L. Carro & Andrew R. Brann, *The U.S. Supreme Court and the Use of Legislative Histories: A Statistical Analysis*, 22 JURIMETRICS J. 294, 303 (1982); John F. Manning, *Second-Generation Textualism*, 98 CALIF. L. REV. 1287, 1291 (2010) (citing, e.g., *United States v. Am. Trucking Ass’n*, 310 U.S. 534, 542 (1940)); Patricia M. Wald, *Some Observations on the Use of Legislative History in the 1981 Supreme Court Term*, 68 IOWA L. REV. 195, 197–99 (1983).

47. See SCALIA & GARNER, *supra* note 45, at 374; James J. Brudney & Corey Ditslear, *The Decline and Fall of Legislative History? Patterns of Supreme Court Reliance in the Burger and Rehnquist Eras*, 89 JUDICATURE 220, 222 (2006); Philip P. Frickey, *Interpretive-Regime Change*,

shifting sands are possible because principles of statutory interpretation stated in any decision are typically dicta when applied to later cases involving different statutes; the principle of stare decisis does not bind the Court to continue to follow, in different types of cases, the same methods of statutory interpretation that were popular a generation prior.<sup>48</sup> Under the Supreme Court's modern, textualist approach, "the authoritative statement is the statutory text, not the legislative history or any other extrinsic material."<sup>49</sup> These modern cases espouse that "when the statute's language is plain, the sole function of the courts—at least where the disposition required by the text is not absurd—is to enforce it according to its terms."<sup>50</sup>

### 1. Constitutional Demands

Although the Supreme Court's preference for textualism has changed over time, unchanging constitutional principles support its most recent renewal. To comply with constitutional demands for bicameralism and presentment, Congress must express the law through statutory text that both Houses vote upon and present to the President for signature before enactment, not through statements made on the floor of Congress or in committee reports but left out of the text, which other legislators or the President might not agree to and certainly do not vote upon.<sup>51</sup> Moreover,

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38 LOY. L.A. L. REV. 1971, 1981 (2005) ("The Court relies less on legislative history today than it did before Justice Scalia arrived, and it cites dictionaries more frequently. Moreover, no good advocate before the Court today would focus an argument almost exclusively on the legislative history (as many good advocates did a generation ago)." (footnotes omitted)); Manning, *supra* note 46, at 1312–13 (noting "the Court's growing tendency . . . simply to stick closely to the text of a statute when its semantic import is clear").

48. See SCALIA & GARNER, *supra* note 45, at 87, 412; see also Frickey, *supra* note 47, at 1974–81 (discussing the Supreme Court's history of purposivism in interpretation of civil rights statutes and concluding that textualism is less likely to take hold in this area due to stare decisis).

49. Exxon Mobil Corp. v. Allapattah Servs., Inc., 545 U.S. 546, 568 (2005).

50. Lamie v. U.S. Tr., 540 U.S. 526, 534 (2004) (quoting Hartford Underwriters Ins. v. Union Planters Bank, N.A., 530 U.S. 1, 6 (2000)). Courts do not find absurdity lightly. *Allapattah Servs.*, 545 U.S. at 565 (noting that what "may seem odd . . . is not absurd"); accord SCALIA & GARNER, *supra* note 45, at 237 ("The absurdity must consist of a disposition that no reasonable person could intend.").

51. See U.S. CONST. art. I, § 7, cl. 2 ("Every bill which shall have passed the House of Representatives and the Senate, shall, before it become a Law, be presented to the President of the United States . . ."); Thompson v. Thompson, 484 U.S. 174, 191–92 (1988) (Scalia, J., concurring) ("Committee reports, floor speeches, and even colloquies between Congressmen, . . . are frail substitutes for bicameral vote upon the text of a law and its presentment to the President."); Frank H. Easterbrook, *The Absence of Method in Statutory Interpretation*, 84 U. CHI. L. REV. 81, 82 (2017) ("Intents are irrelevant even if discernable (which they aren't), because our Constitution provides for the enactment and approval of texts, not of intents."); Robert J. Pushaw, Jr., *Talking Textualism, Practicing Pragmatism: Rethinking the Supreme Court's Approach to Statutory Interpretation*, 51 GA. L. REV. 121, 160 (2016).

a method of interpretation that looks to legislative history—like committee reports—to determine the law impermissibly delegates legislative powers to committee staff and the other narrow few who make that legislative history, which contravenes the Constitutional requirement that the legislative power is “vested in a Congress”—not its staff members or a minority of its members.<sup>52</sup> A textualist approach also appropriately limits the power of courts to make policy decisions *ex nihilo*, which should be left to elected legislators on issues where they have acted through statute, both to ensure that voters have accountable representation of their policy interests and to prevent harmful politicization of the judiciary.<sup>53</sup>

## 2. Transparency and Rule of Law

Where policy justifications for a particular holding are strong, or where the legislature clearly intended a result opposite to that arising from the clear meaning of the text, it can be tempting to make exceptions to the textualist approach in the interests of justice in that particular case. This is a mistake.<sup>54</sup> As the Supreme Court has stated, “in the long run, experience teaches that strict adherence to the procedural requirements specified by the legislature is the best guarantee of evenhanded administration of the law.”<sup>55</sup> In addition to conforming to the constitutional principles described above, a textualist approach provides more certainty to parties and the legislature with regard to how the laws

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52. U.S. CONST. art. I, § 1 (“All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and a House of Representatives.”); JOHN LOCKE, SECOND TREATISE OF GOVERNMENT 87 (Richard H. Cox ed., Harlan Davidson 1982) (1689) (stating that legislative power is the power to “make laws, . . . not to make legislators”); SCALIA & GARNER, *supra* note 45, at 386 (“[L]egislative power, like judicial power, is nondelegable.”); John F. Manning, *Textualism as a Nondelegation Doctrine*, 97 COLUM. L. REV. 673, 728 (1997); *see also* Bank One Chi., N.A. v. Midwest Bank & Tr. Co., 516 U.S. 264, 280 (1996) (Scalia, J., concurring in part and concurring in the judgment) (“No one would think that the House of Representatives could operate in such fashion that only the broad outlines of bills would be adopted by vote of the full House, leaving minor details to be written, adopted, and voted upon only by the cognizant committees. Thus, if legislation consists of forming an ‘intent’ rather than adopting a text (a proposition with which I do not agree), Congress cannot leave the formation of that intent to a small band of its number, but must, as the Constitution says, form an intent of the Congress.”).

53. *See* SCALIA & GARNER, *supra* note 45, at xxiii, xxvii.

54. *Id.* at 348 (“If judges think no further ahead than achieving justice in the dispute now at hand, the law becomes subject to personal preferences and hence shrouded in doubt.”).

55. *Mohasco Corp. v. Silver*, 447 U.S. 807, 826 (1980); *see also* SCALIA & GARNER, *supra* note 45, at 345 (“The nearer a government approaches towards a republic, the more the manner of judging becomes settled and fixed.” (quoting MONTESQUIEU, THE SPIRIT OF THE LAWS 93 (Thomas Nugent trans., Batoche Books 2001) (1748))).

will be interpreted than do intentionalist or purposivist approaches.<sup>56</sup> A textualist approach ensures that legislators can accurately legislate according to the needs of their constituents without fear of judicial usurpation of that role and that judges have a firm methodology for consistent application of the law from case to case. Indeed, the textualist approach encourages legislators to craft statutes carefully so as to reduce interpretations contrary to legislative intent.<sup>57</sup> If an outcome is not what Congress intended, and if it is significant enough, Congress will change the statute.<sup>58</sup>

### B. *Plain Reading in Context*

Under the modern approach, an interpretation of the AIA's statutory estoppel provisions must start with the statutory language, read according to the plain meaning of its terms.<sup>59</sup> The plain meaning is the meaning that reasonable people at the time the text was written would ordinarily ascribe to the term, in the context in which it was written.<sup>60</sup> Courts using this approach will not construe the words in isolation, but will instead construe terms in light of the statute as a whole, considering, for example, how the same words are used elsewhere in the statute and whether a particular interpretation would irreconcilably clash with other provisions

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56. See SCALIA & GARNER, *supra* note 45, at 348 (“[A]lthough properly informed human minds may agree on what a text means, human hearts often disagree on what is right.”). Intentionalism and purposivism are approaches to statutory interpretation that consider legislators’ intended meaning and the apparent purpose of the statute.

57. See SCALIA & GARNER, *supra* note 45, at xxviii n.2; Daniel A. Farber, *Statutory Interpretation and Legislative Supremacy*, 78 GEO. L.J. 281, 298 (1989); Frickey, *supra* note 47, at 1981 (“If the regime’s jurisprudence is transparent to the legislature, legislative staff should be able to draft statutes so that legislators can carry out their related business.”).

58. See SCALIA & GARNER, *supra* note 45, at 344 (“Perhaps the most efficacious mode of procuring good laws, certainly the only one allowable to a Court of Justice, is to act fully up to the spirit and language of bad ones, and to let their inconvenience be fully felt by giving them full effect.” (quoting *Pocock v. Pickering* [1852] 18 QB 789 at 798 (Eng.))).

59. *Advocate Health Care Network v. Stapleton*, 137 S. Ct. 1652, 1658 (2017) (looking first to statutory text to interpret an ERISA exception and noting that the Court’s interpretation will “[s]tart . . . with the statutory language”); SCALIA & GARNER, *supra* note 45, at 56.

60. SCALIA & GARNER, *supra* note 45, at 16 (“In their full context, words mean what they conveyed to reasonable people at the time they were written—with the understanding that general terms may embrace later technological innovations.”); see also *id.* at 69 (“Words are to be understood in their ordinary, everyday meanings—unless the context indicates that they bear a technical sense.”).

in the statute.<sup>61</sup> Identical terms used in different parts of a statute are presumed to have the same meaning.<sup>62</sup>

A central issue in interpretation of the AIA's estoppel provisions is whether the phrase "during that . . . review" or "during that transitional proceeding," which modifies each of the estoppel provisions,<sup>63</sup> means during the pendency of the review by the PTAB (the time period after institution of review and before final decision) or whether this time period begins with the petition for review. If the "review" begins only after institution, then grounds not raised in the petition or grounds denied institution will not be subject to estoppel because they were not raised "during that . . . review." However, if the "review" begins with the petition, then estoppel will apply to any grounds that the petitioner raised or could have raised in its petition for review. The AIA's statutory framework for post-grant proceedings provides the critical context to answer this interpretive question.

The AIA's statutory framework for post-grant proceedings clearly delineates between the pendency of the review versus the threshold inquiry into whether to institute the review.<sup>64</sup> For example, the statute's discussion of the form of the notice of institution of review states that the "notice shall include the date on which the review shall commence."<sup>65</sup> If a "review" does not commence until after institution in this section of the statute, the phrase "during that . . . review" in the estoppel provisions should be read similarly as referring to the time period starting after institution. Elsewhere, the statute separates the institution decision from the PTAB's "conduct" of the "review."<sup>66</sup> When read plainly within this statutory context, the qualifying phrase "during that . . . review" or

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61. *IBP, Inc. v. Alvarez*, 546 U.S. 21, 34 (2005) ("[T]he normal rule of statutory interpretation [is] that identical words used in different parts of the same statute are generally presumed to have the same meaning."); *Davis v. Mich. Dep't of Treasury*, 489 U.S. 803, 809 (1989) ("It is a fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme."); SCALIA & GARNER, *supra* note 45, at 167–69 (citing *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281, 291 (1988); *United Sav. Ass'n of Tex. v. Timbers of Inwood Forest Assocs., Ltd.*, 484 U.S. 365, 371 (1988)); *see also Mohasco Corp. v. Silver*, 447 U.S. 807, 826 (1980) (declining to adopt different definitions of term in different statutory provisions).

62. *Alvarez*, 546 U.S. at 34.

63. 35 U.S.C. §§ 315(e)(2), 325(e)(2) (2012); AIA, Pub. L. No. 112-29, sec. 18(a)(1), 125 Stat. 284, 330 (2011) (codified as amended in scattered sections of 35 U.S.C.).

64. *See* 35 U.S.C. § 314(a).

65. *Id.* § 314(c).

66. *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375 (Fed. Cir. 2014) ("The statute separates the Director's decision to 'institute' the review, § 314, on one hand, from the Board's 'conduct' of the review 'instituted' by the Director, § 316(c) . . ."). Note that the Director delegated the institution decision to the PTAB by regulation, but the processes remain separate. *See* 37 C.F.R. § 42.108 (2017).

“during that transitional proceeding” clearly serves to limit the triggering events for estoppel to the time period occurring during the pendency of the review before the PTAB—the time period after institution and before the PTAB’s final decision.

Some might argue that this narrow reading results in an unusual reading of the word “raised,” because the petitioner’s only opportunity to “raise” or bring up grounds that can be considered during the review is in the petition—there is no opportunity, after institution, to bring up additional grounds. However, if the estoppel provision is read broadly in order to accommodate a reading of the word “raised” to mean “first raised,” then either the word “during” would have an even more unusual reading that includes “not during,” or the phrase “*inter partes* review” would carry a different meaning than the remainder of the statute provides. “Raised,” within the context of this provision, could alternatively mean “caused to be considered,” such as when the petitioner presents its arguments at the hearing before the PTAB.<sup>67</sup> Because “during” and “*inter partes* review” can have no other broader meaning, but “raised” could ordinarily refer to issues presented to the PTAB for consideration at any time, any apparent conflict between these meanings should be resolved in favor of conserving the ordinary meaning of the term “during” and the statutory meaning of the term “*inter partes* review.”

### C. *Expressio Unius*

Under the Negative Implication Canon, *expressio unius est exclusio alterius*, the specification of one is the exclusion of another.<sup>68</sup> In particular, where a statute provides specific circumstances under which a rule, such as estoppel, shall apply, this canon suggests that the rule does not apply outside those enumerated circumstances unless the statute otherwise indicates that those specifics are not exclusive.<sup>69</sup> Applying this canon to the AIA’s estoppel provisions, the extension of estoppel to “any ground that the petitioner raised or reasonably could have raised *during that inter partes review*” (emphasis added) necessarily precludes from

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67. See *Raise*, ENG. OXFORD LIVING DICTIONARIES, [en.oxforddictionaries.com/definition/raise](https://en.oxforddictionaries.com/definition/raise) [https://perma.cc/3P4U-63K8] (“Cause to occur or be considered.”).

68. SCALIA & GARNER, *supra* note 45, at 107; see also *Hartford Underwriters Ins. v. Union Planters Bank*, 530 U.S. 1, 6 (2000) (finding that a statute specifying that trustees could obtain certain relief under a provision of a statute precluded others from obtaining relief under that provision).

69. *United States v. Giordano*, 416 U.S. 505, 514 (1974) (finding that a statute establishing that certain procedures could be authorized by the Attorney General or Assistant Attorney General excluded others from authorizing those procedures, by negative implication); SCALIA & GARNER, *supra* note 45, at 107.



this statutory estoppel any circumstances falling outside this specific temporal limitation, such as grounds not raised in the petition for review.

Some might argue that application of this canon would exclude from estoppel triggering events that Congress clearly intended to cover. However, because statutory provisions are read by interpreting the ordinary meaning of words and not the contents of legislators' minds, a construction should not change merely because it fails to cover matter or reach a scope that the legislature might have intended the provision to cover.<sup>70</sup> Moreover, as discussed in more detail below, it is often difficult to determine what exactly the legislature intended a provision to do, if the legislature were to have a single cohesive "intent" at all.

#### D. *Obvious Alternative Canon*

An argument that Congress intended a provision to be read differently than according to the plain meaning of the text is particularly unpersuasive where "obvious alternative" language is available to convey the alternate reading but was not used.<sup>71</sup> Admittedly, this canon has significant risk of hindsight bias; most alternatives proposed post facto likely never passed through legislators' minds during drafting. Nonetheless, this risk is mitigated because the canon is typically only applied to further buttress a plain meaning analysis of the statute, the constitutional merits of which are explained above, rather than to supply a new interpretation.<sup>72</sup>

"Obvious alternative" language for the AIA's estoppel provisions is available to convey a broad reading that applies to all grounds that could

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70. *Argentina v. Weltover, Inc.*, 504 U.S. 607, 618 (1992) ("The question . . . is not what Congress 'would have wanted' but what Congress enacted . . ."); *Comm'r v. Asphalt Prods. Co.*, 482 U.S. 117, 119 (1987) (per curiam) (reading a statute requiring that "[i]f any part of any underpayment [of a tax] . . . is due to negligence . . . there shall be added to the tax an amount equal to 5 percent of the underpayment" should not be read to limit the penalty to the portion of the underpayment that was due to negligence); *Ebert v. Poston*, 266 U.S. 548, 554 (1925) ("A *casus omissus* does not justify judicial legislation."); SCALIA & GARNER, *supra* note 45, at 93 ("[A] matter not covered is to be treated as not covered.")

71. *Lozano v. Montoya Alvarez*, 134 S. Ct. 1224, 1227 (2014) (when legislators did not adopt "obvious alternative" language, "the natural implication is that they did not intend" the alternative); *accord SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) ("[I]f Congress wanted to adopt the Director's approach it knew exactly how to do so."); *Advocate Health Care Network v. Stapleton*, 137 S. Ct. 1652, 1659 (2017) ("Had Congress wanted, as the employees contend, to alter only the maintenance requirement, it had an easy way to do so—differing by only two words from the language it chose, but with an altogether different meaning.")

72. See generally *Stapleton*, 137 S. Ct. 1652 (applying the obvious alternative canon in this way); Manning, *supra* note 52, at 728 (1997) ("If something appears in the legislative history . . . then someone in the enactment process necessarily anticipated the point . . . The sole impediment is the burden of enacting the already-identified legal principle into law through bicameralism and presentment—a burden that the Constitution expressly contemplates and requires.")

have been raised in the petition for IPR, as intentionalists argue the statute should be read. Simply, Congress could have provided that estoppel extends to “any ground that the petitioner raised or reasonably could have raised in the petition for inter partes review.” The modified provision would thus read:

The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised ~~during that inter partes review—in the petition for inter partes review.~~<sup>73</sup>

This “obvious alternative” language further supports the narrow plain reading of the statutory text.

#### E. *Surplusage Canon or Avoidance of Nullity*

The “surplusage canon” provides that courts should “give effect, if possible, to every clause and word of a statute” and “presum[e] that each word Congress uses is there for a reason.”<sup>74</sup> However, the “preference for avoiding surplusage constructions is not absolute.”<sup>75</sup> In a conflict between a plain reading that renders a word or phrase a surplusage and a reading that avoids surplusage but creates ambiguity within the text, the Supreme Court has stated that courts “should prefer the plain meaning.”<sup>76</sup> Application of this canon to the AIA’s estoppel provisions arguably yields competing nullities, though only one reading both limits a nullity and remains consistent with plain meaning.

##### 1. “during that . . . review”

A reading of the AIA’s estoppel provision whereby events occurring prior to institution trigger estoppel renders the statutory phrase “during that *inter partes* review” or “during that post-grant review” a nullity.

73. Cf. 35 U.S.C. § 315(e)(2) (2012).

74. *Stapleton*, 137 S. Ct. at 1659 (quoting *Williams v. Taylor*, 529 U.S. 362, 404 (2000)) (rejecting reading of ERISA exception that required viewing a phrase as “stray marks on a page”); accord *Lowe v. SEC*, 472 U.S. 181, 208 n.53 (1985) (“[W]e must give effect to every word that Congress used in the statute.”); SCALIA & GARNER, *supra* note 45, at 174–79 (“These words cannot be meaningless, else they would not have been used.” (quoting *United States v. Butler*, 297 U.S. 1, 65 (1936))).

75. *Lamie v. U.S. Tr.*, 540 U.S. 526, 536 (2004).

76. *Id.*; accord SCALIA & GARNER, *supra* note 45, at 176 (“[A] court may well prefer ordinary meaning to an unusual meaning that will avoid surplusage.”).

What purpose does this phrase serve if not to place a temporal limitation on the triggering events for estoppel to only grounds raised during the pendency of the review? Indeed, the only way a broad reading would not render this phrase a nullity is if the meaning of the phrase “*inter partes* review” or “post-grant review” is broadly defined to include not only the pendency of the review, but also the time period of the petition for review and deliberation on whether to institute review. However, as explained above, such a broad definition would conflict with the context of the statute—which delineates between these two time periods—and the meaning of the term “review” as used throughout the statute.<sup>77</sup> Because a broad reading would render the phrase “during that *inter partes* review” a nullity, the surplusage canon cautions against such a reading.

## 2. “reasonably could have raised”

In an alternative application of this canon, some might argue that a narrow reading of the estoppel statute renders the phrase “or reasonably could have raised” a nullity. However, this is not necessarily true.<sup>78</sup> One circumstance under which a petitioner “reasonably could have raised” art during the review, but did not, is if a prior art combination is a subset of instituted grounds. For example, if the petitioner argues that a claim is obvious over the combination of three references (A, B, and C), the petitioner reasonably could have raised obviousness over a subset (A and B) during the course of the review. The “or reasonably could have raised” language would permit a court to apply estoppel to later arguments that the patent was obvious over the subset. At least one court applying a textualist approach to IPR estoppel adopted this understanding to find that estoppel applies to subsets of instituted grounds.<sup>79</sup> More broadly, a petitioner might simply choose, for strategic reasons or because of limitations on space or time, to focus on certain grounds for unpatentability during the course of the review despite having included more grounds in its petition for review, such as if the institution decision provides insight on which grounds are most likely to succeed before the Board. Grounds that the petitioner includes in its petition but chooses not to address at the hearing or otherwise during the pendency of the review

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77. *E.g.*, 35 U.S.C. § 314(c).

78. Also note that in some statutes, two phrases separated by the word “or” may be considered synonyms rather than the second item being read as surplusage, such as in “exemplary or punitive damages.” SCALIA & GARNER, *supra* note 45, at 122.

79. *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. 12-CV-05501-SI, 2017 WL 235048, at \*4 (N.D. Cal. Jan. 19, 2017) (“The Court finds that defendants raised, or could have raised, these grounds in the IPR proceedings, as the combination of Dhallan and Binladen is simply a subset of the instituted grounds.”). Note that under this approach, estoppel would not extend to combinations of instituted “prior art as combined with art not presented,” such as a combination of A and D. *Id.* at \*4 n.4.

are grounds that it “reasonably could have raised during that inter partes review.”

Those who favor a broad approach might argue that the difference in language between the estoppel provisions for IPR and PGR, which refer to grounds the petitioner “raised or reasonably could have raised,” and the provision for CBMR, which only refers to grounds “raised,” confirms that the “reasonably could have raised” language is not surplusage and that there is a difference in meaning. However, even if there is a difference in meaning, a unique meaning of the phrase “reasonably could have raised” does not alter the temporally limiting phrase “during that . . . review” or “during that transitional proceeding” that immediately follows it and qualifies it in each of the estoppel provisions. Regardless of the meaning of “reasonably could have raised,” the “during . . .” phrase continues to restrict the triggering events for estoppel to those arising post-institution. A unique case might arise where the distinction between “raised . . . during . . . that review” and “reasonably could have raised during . . . that review” is relevant, such as if a court were trying to determine whether a petitioner is estopped from raising subsets of instituted grounds following CBMR. Nevertheless, because the distinction does not modify the temporal qualifier, it is not relevant to the determination of meaning at issue here: Whether a petitioner is estopped from raising in later proceedings a ground not raised in the petition for review.

Ultimately, a reading under which “reasonably could have raised” refers to grounds raised at a time other than during the pendency of review places this phrase in conflict with its immediate modifying phrase, “during that inter partes review.” Because reading this provision broadly to avoid “reasonably could have raised” becoming surplusage creates rather than resolves ambiguity, whereas a narrow reading that avoids “during that . . . review” becoming surplusage comports with plain meaning, courts should prefer the plain, narrow reading.<sup>80</sup> Alternatively, perhaps this is a conflict resulting from imperfect draftsmanship, where a nullity is created under any reading of the statute. If so, the two competing nullities must be reconciled. However, only one reading both limits a nullity and remains consistent with the other canons of statutory construction described above and below: a narrow reading.

#### F. *Imputed Common Law*

Under the canon of imputed common law meaning, a common law term in a statute ordinarily carries its common law meaning, elements,

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80. See *Lamie*, 540 U.S. at 536.

and limitations.<sup>81</sup> Although there are several types of preclusion in the common law, the AIA's statutory estoppel provisions refer to "estoppel" and "estopped."<sup>82</sup> These are terms that, as explained below, convey a unique meaning from the other forms of preclusion available under the common law.<sup>83</sup> Imputing the common law of estoppel into the AIA's estoppel provision results in a narrow reach that does not extend to grounds that were not both fully and fairly litigated between the parties and decided in a judicial manner by the PTAB. Additionally, it yields a

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81. *Universal Health Servs., Inc. v. United States*, 136 S. Ct. 1989, 1999 (2016) ("[I]t is a settled principle of interpretation that, absent other indication, Congress intends to incorporate the well-settled meaning of the common-law terms it uses." (quoting *Sekhar v. United States*, 570 U.S. 729, 732 (2013))); *Neder v. United States*, 527 U.S. 1, 23 (1999) (imputing a requirement of materiality from the common law test for fraud to a statute using an undefined term "defraud"); *Evans v. United States*, 504 U.S. 255, 259–60 (1992) ("[W]here Congress borrows terms of art in which are accumulated the legal tradition and meaning of centuries of practice, it presumably knows and adopts the cluster of ideas that were attached to each borrowed word in the body of learning from which it was taken and the meaning its use will convey to the judicial mind unless otherwise instructed. In such case, absence of contrary direction may be taken as satisfaction with widely accepted definitions, not as a departure from them." (quoting *Morissette v. United States*, 342 U.S. 246, 263 (1952))); *Nationwide Mut. Ins. v. Darden*, 503 U.S. 318, 322 (1992) ("[W]here Congress uses terms that have accumulated settled meaning under . . . the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms." (quoting *Comty. For Creative Non-Violence v. Reid*, 490 U.S. 730, 739–40 (1989))); SCALIA & GARNER, *supra* note 45, at 320 ("A statute that uses a common-law term, without defining it, adopts its common-law meaning."); *see also* *Microsoft Corp. v. I4I Ltd. P'ship*, 564 U.S. 91, 102 (2011) ("Under the general rule that a common-law term comes with its common-law meaning, we cannot conclude that Congress intended to 'drop' the heightened standard of proof from the presumption simply because § 282 fails to reiterate it expressly."); *Gilbert v. United States*, 370 U.S. 650, 655 (1962) ("For in the absence of anything to the contrary it is fair to assume that Congress used that word in the statute in its common-law sense."); *McCool v. Smith*, 66 U.S. (1 Black) 459, 469 (1861) ("[W]henver our Legislature use[s] a term without defining it . . . they must be supposed to use it in the sense in which it is understood in the English law." (quoting *Hillhouse v. Chester*, 3 Day 166, 211–12 (Conn. 1808))). This canon is distinct from the canon against interpretation in derogation of the common law, *see* *United States v. Texas*, 507 U.S. 529, 534 (1993), which some might argue is not a textualist canon. In contrast, interpreting an undefined statutory term that has an established meaning at common law according to the common law meaning is a textualist form of statutory interpretation, like using dictionaries from the time of enactment to define an undefined term.

82. *E.g.*, 35 U.S.C. §§ 315(e), 325(e).

83. Some might argue that the common law meaning should not be imputed here because the statute provides for the conditions under which estoppel will apply, overriding the common law meaning. But in choosing between a broad or narrow scope reading of the provision, the common law meaning of the terms used should be considered. Moreover, as the Supreme Court has applied this canon in the past, the common law meaning of terms used in statute will apply absent an indication in the text to derogate from it; the mere failure to mention factors or considerations imputed from that common law is not considered a contrary indication. *E.g.*, *Evans v. United States*, 504 U.S. 255, 259–60 (1992); *Nader v. United States*, 527 U.S. 1, 23 (1999).

surprising new argument to curb untoward practices (such as panel stacking) at the PTAB.

### 1. Estoppel's Distinct Origin in Common Law

Over the course of a millennium, two primary types of common law preclusion based on prior adjudication arose from two distinct legal roots and with two distinct standards and purposes: *res judicata*, also called claim preclusion, and estoppel, also called issue preclusion.<sup>84</sup> *Res judicata* (or claim preclusion) derives from the Roman principle of the same name.<sup>85</sup> Its historical purpose was to provide repose to parties from the threat of litigation of successive claims by the same party arising from the same circumstances.<sup>86</sup> When it was incorporated into English law by the early 1100s, the principle retained this rationale of protection of private persons from “re-agitation.”<sup>87</sup>

*Res judicata* or claim preclusion comprises the two related doctrines of merger and bar.<sup>88</sup> Under the doctrine of merger, when a final judgment

84. See 18 MOORE'S FEDERAL PRACTICE § 131.11 (Matthew Bender 3d ed. 2017) (citing *Developments in the Law—Res Judicata*, 65 HARV. L. REV. 818, 820–21 (1952)) (“The doctrine of claim preclusion has its origins in Roman civil law, but has been part of English common law for almost nine centuries.”); Alexandra Bursak, *Preclusions*, 91 N.Y.U. L. REV. 1651, 1660–69 (2016) (describing the separate histories of *res judicata*, which arose from Roman law, and collateral estoppel, derived from Anglo-Norman law). Note that courts sometimes imprecisely apply the term “*res judicata*” in a broader sense. *Weaver Corp. v. Kidde, Inc.*, 701 F. Supp. 61, 63 (S.D.N.Y. 1988) (“One difficulty is that courts use ‘*res judicata*’ for two different concepts. Some use it to mean claim preclusion. Others employ *res judicata* in a general sense, to encompass both claim and issue preclusion.”); see also *Taylor v. Sturgell*, 553 U.S. 880, 892 (2008) (applying the term *res judicata* to both claim and issue preclusion). This Article will use these terms consistently with their historical roots by referring to *res judicata* only for claim preclusion, not as encompassing both claim and issue preclusion. In addition to the types of preclusion arising from judgments, as discussed herein, other types of preclusion may arise. These include, for example, estoppel *in pais*, under which “a person who makes a representation may be estopped to deny its truth if the person to whom it was made has changed his position in reliance.” RESTATEMENT (SECOND) OF JUDGMENTS § 27, cmt. e (AM. LAW INST. 1982). Given that the context of the AIA’s estoppel provisions refers to estoppel following a final written decision of the PTAB, the type of estoppel applicable to this provision will be the form of estoppel based on prior decision, not estoppel *in pais*.

85. Bursak, *supra* note 84, at 1661 (describing the historical application of *res judicata* in Roman law).

86. *Id.* at 1661–63 (describing policy justifications expressed in Roman texts, noting, “[t]he policy rationale offered in Roman treatises . . . reflects the private nature of *res judicata*”).

87. *Id.* at 1663 (quoting GEORGE SPENCER BOWER & SIR ALEXANDER KINGCOME TURNER, *THE DOCTRINE OF RES JUDICATA* 412 (2d ed. 1969)); Robert Wyness Millar, *The Historical Relation of Estoppel by Record to Res Judicata*, 35 ILL. L. REV. 41, 44 (1940) (“[B]y the opening years of the 1100s, at latest, the Roman principle of *res judicata* had entered into the law of England.”).

88. *Migra v. Warren City Sch. Dist. Bd. of Educ.*, 465 U.S. 75, 77 n.1 (1984) (“Claim preclusion therefore encompasses the law of merger and bar.”); RESTATEMENT (SECOND) OF

is entered in favor of a plaintiff, Plaintiff's claim and any of Defendant's defenses to that claim are extinguished and merged into the judgment.<sup>89</sup> Likewise, under the doctrine of bar, a final judgment rendered on the merits in favor of the defendant will serve as a bar to another action by the plaintiff encompassing the same claim.<sup>90</sup> The scope of the "claim" that is merged or barred extends not only to the precise causes of action and defenses asserted, but to any claims, causes of action, or defenses that arise from the same transaction or series of transactions.<sup>91</sup>

Estoppel, also called issue preclusion or direct and collateral estoppel, arose from Anglo-Norman principles of law; the name estoppel is derived from the French *estoupe*, meaning a stop or conclusion.<sup>92</sup> Unlike the private justifications of *res judicata*, Anglo-Norman estoppel arose from "the notion of the inviolableness of the record."<sup>93</sup> In particular, it

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JUDGMENTS, ch. 3, topic 2, intro. note ("Ordinarily, if the judgment was rendered for the plaintiff, the claim is held to be extinguished and merged in the judgment; if the judgment was rendered for the defendant, the claim is likewise held to be extinguished, and the judgment is a bar to a second action on the same claim.").

89. *Hallco Mfg. Co. v. Foster*, 256 F.3d 1290, 1294 (Fed. Cir. 2001) ("The general concept of claim preclusion is that when a final judgment is rendered on the merits, another action may not be maintained between the parties on the same 'claim,' and defenses that were raised or could have been raised in that action are extinguished."); RESTATEMENT (SECOND) OF JUDGMENTS § 18; see also *Migra*, 465 U.S. at 77 n.1 ("Claim preclusion refers to the effect of a judgment in foreclosing litigation of a matter that never has been litigated, because of a determination that it should have been advanced in an earlier suit. Claim preclusion therefore encompasses the law of merger and bar.").

90. RESTATEMENT (SECOND) OF JUDGMENTS § 19 ("It is frequently said that a valid and final personal judgment for the defendant will bar another action on the same claim only if the judgment is rendered 'on the merits.'"). "On the merits" generally means after resolution of the substantive issues in the case, though it could also include judgments that a statute or rule of the court provides will operate as an adjudication on the merits. *Id.*

91. *Taylor v. Sturgell*, 553 U.S. 880, 892 (2008) (noting that claim preclusion applies "whether or not relitigation of the claim raises the same issues as the earlier suit" (quoting *New Hampshire v. Maine*, 532 U.S. 742, 748 (2001))); RESTATEMENT (SECOND) OF JUDGMENTS § 24. Exemplifying the private nature of claim preclusion and its emphasis on claim identity, the Federal Circuit has found, for example, that a judgment of infringement and no invalidity of patent claims would only bar a later validity challenge to those claims under the doctrine of claim preclusion if the accused device in the second suit was "essentially the same" as the device at issue in the prior judgment, such that the second suit could be said to involve the same claim or transaction as the prior judgment. *Hallco Mfg.*, 256 F.3d at 1295–97.

92. *Bursak*, *supra* note 84, at 1663–65 (quoting *Millar*, *supra* note 87, at 45). Anglo-Norman estoppel was first incorporated into English law as "estoppel by record" between the 1100s and 1300s. *Id.* at 1664; *Millar*, *supra* note 87, at 44–45.

93. *Bursak*, *supra* note 84, at 1663; *Millar*, *supra* note 87, at 45; accord MELVILLE M. BIGELOW, A TREATISE ON THE LAW OF ESTOPPEL OR OF INCONTESTABLE RIGHTS 8 (James N. Carter ed., 6th ed. rev. 1913) ("[T]he record has conclusive effect upon all the world. It imports absolute verity, not only against the parties to it and those in privity with them, but against strangers also . . ."); Colin Hugh Buckley, *Issue Preclusion and Issues of Law: A Doctrinal Framework*

prevented parties from later disputing matters that were already established by the record of earlier proceedings, whether by admission or by judicial decision, in any later case touching on any type of claim.<sup>94</sup> Although the doctrine of collateral estoppel or issue preclusion in American law is nuanced, its modern form essentially provides that “[w]hen an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim.”<sup>95</sup> Any determination, whether of “evidentiary fact, of ‘ultimate fact’ (that is, the application of law to fact), or of law,” may be foreclosed via estoppel.<sup>96</sup> Early in American law, a party could not assert collateral estoppel unless both parties participated in the prior action, a requirement known as mutuality.<sup>97</sup> However, in a 1971 case, the Supreme Court abolished the requirement of mutuality in patent cases, holding that estoppel could apply to any party that had a “full and fair opportunity to litigate” the issue in the prior proceeding.<sup>98</sup>

The requirement that the party to be estopped must have had a full and fair opportunity to litigate the issue arises from principles of procedural due process that have since been incorporated into the common law of estoppel.<sup>99</sup> “[T]he federal common law of preclusion is, of course, subject

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*Based on Rules of Recognition, Jurisdiction and Legal History*, 24 Hous. L. Rev. 875, 879, 901 (1987) (noting that estoppel “sought to protect the integrity of the court,” by assuring that judicial decisions “are well-regarded and not immediately subject to a ‘second opinion’”).

94. Bursak, *supra* note 84, at 1663–64; Millar, *supra* note 87, at 45.

95. RESTATEMENT (SECOND) OF JUDGMENTS § 27; accord *Taylor*, 553 U.S. at 892 (“Issue preclusion, in contrast, bars ‘successive litigation of an issue of fact or law actually litigated and resolved in a valid court determination essential to the prior judgment,’ even if the issue recurs in the context of a different claim.” (quoting *New Hampshire v. Maine*, 532 U.S. 742, 748–49 (2001))); *Arizona v. California*, 530 U.S. 392, 414 (2000) (“It is the general rule that issue preclusion attaches only ‘[w]hen an issue of fact or law is actually litigated and determined by a valid and final judgment . . . .’” (quoting RESTATEMENT (SECOND) OF JUDGMENTS § 27)); see also RESTATEMENT (SECOND) OF JUDGMENTS § 27, cmt. h. (noting that issue preclusion should not apply where the judgment is not necessarily dependent upon the determination of an issue, because such a determination would ordinarily not be subject to appeal and thus might not have been adequately considered).

96. RESTATEMENT (SECOND) OF JUDGMENTS § 27, cmt. c.

97. *Triplett v. Lowell*, 297 U.S. 638, 645 (1936), *overruled in part by Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971).

98. *Blonder-Tongue*, 402 U.S. at 329. In *Parklane Hosiery*, the Supreme Court further extended collateral estoppel to “offensive” uses against defendants. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 331–32 (1979).

99. 18 MOORE’S FEDERAL PRACTICE, *supra* note 84, § 132.04 (“A determination can have issue preclusive (or collateral estoppel) effect only if the proceeding in which it was made afforded the party against whom estoppel is asserted a hearing on that issue that comports with due process.”); see also *Blonder-Tongue*, 402 U.S. at 329 (citing *Hansberry v. Lee*, 311 U.S. 32, 40



to due process limitations.”<sup>100</sup> To comply with principles of due process, the party to be estopped must at least have had the opportunity to present the issue at a hearing<sup>101</sup> before an impartial tribunal<sup>102</sup> with the opportunity for cross-examination of witnesses<sup>103</sup> and a decision on the record.<sup>104</sup> When based on administrative agency decisions, preclusion may only apply if the agency made the decision in a “judicial capacity.”<sup>105</sup> The element of fairness may implicate additional considerations, which a court must weigh holistically according to a “sense of justice and equity” to determine whether estoppel should apply. These additional considerations include “incentive to litigate,” “whether the first validity determination purported to employ the standards” of law then in force, and “whether without fault of his own the [party to be estopped] was deprived of crucial evidence or witnesses in the first litigation.”<sup>106</sup> The Restatement provides certain other “essential elements

(1940)) (“Some litigants—those who never appeared in a prior action—may not be collaterally estopped without litigating the issue. They have never had a chance to present their evidence and arguments on the claim. Due process prohibits estopping them despite one or more existing adjudications of the identical issue which stand squarely against their position.”); RESTATEMENT (SECOND) OF JUDGMENTS § 27, cmt. e (“A judgment is not conclusive in a subsequent action as to issues which might have been but were not litigated and determined in the prior action.”). Some cases have also held that these due process limitations apply to *res judicata*. *E.g.*, *Kremer v. Chem. Constr. Corp.*, 456 U.S. 461, 481 n.22 (1982) (“While our previous expressions of the requirement of a full and fair opportunity to litigate have been in the context of collateral estoppel or issue preclusion, it is clear from what follows that invocation of *res judicata* or claim preclusion is subject to the same limitation.”).

100. *Taylor*, 553 U.S. at 891 (citing *Richards v. Jefferson Cty.*, 517 U.S. 793, 797 (1996)).

101. 18 MOORE’S FEDERAL PRACTICE, *supra* note 84, § 132.04; *see also Mathews v. Eldridge*, 424 U.S. 319, 333 (1976); *Armstrong v. Manzo*, 380 U.S. 545, 552 (1965); *Baldwin v. Hale*, 68 U.S. (1 Wall.) 223, 233 (1863).

102. *See Schweiker v. McClure*, 456 U.S. 188, 195 (1982); *Goldberg v. Kelly*, 397 U.S. 254, 271 (1970).

103. *See Goldberg*, 397 U.S. at 269; *cf.* 5 U.S.C. § 556(d) (2012) (“A party is entitled to present his case or defense by oral or documentary evidence, to submit rebuttal evidence, and to conduct such cross-examination as may be required for a full and true disclosure of the facts.”).

104. *See Goldberg*, 397 U.S. at 271 (“[T]he decision maker should state the reasons for his determination and indicate the evidence he relied on . . .”).

105. *Cf.* *United States v. Utah Const. & Min. Co.*, 384 U.S. 394, 422 (1966) (noting in dicta, “When an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate, the courts have not hesitated to apply *res judicata* to enforce repose.”); *see also B&B Hardware v. Hargis Indus.*, 135 S. Ct. 1293, 1299 (2015) (“[A] court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met.”). Whether common law preclusion could apply where statutory estoppel does not is beyond the scope of this Article.

106. *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 333–34 (1971); *see also* RESTATEMENT (SECOND) OF JUDGMENTS § 27, cmt. e (AM. LAW INST. 1982) (“There are many reasons why a party may choose not to raise an issue, or to contest an assertion, in a particular action. The action may involve so small an amount that litigation of the issue may cost more than

of adjudication” in order for preclusion to satisfy due process requirements, one of which highlights the need for a proceeding with sufficient time and space for consideration of the issues to be precluded.<sup>107</sup>

## 2. Limitations Arising from The Imputed Common Law

Imputing the common law of estoppel requires that a party only be estopped from raising issues that it had a full and fair opportunity to litigate, according to the standards of procedural due process, in the prior proceeding.<sup>108</sup> Therefore, if a petitioner fails to include grounds for unpatentability in its petition for review, or if PTAB declines to institute review for any reason, a petitioner cannot be estopped from asserting those grounds for invalidity in a later proceeding because the issues were not subject to a hearing, cross-examination, a decision on the record, and other requirements of a “full and fair opportunity to litigate” under the common law. In other words, when the common law is imputed into the meaning of “estoppel” and “estopped” in the AIA, statutory estoppel under the AIA can apply only to those grounds on which the PTAB instituted and conducted a review and issued a decision on the merits. The imputed common law aligns precisely with the narrow, textualist reading of the AIA’s estoppel provisions presented above.

Imputing the common law of estoppel could also have the surprising effect of curbing the PTAB’s untoward practice of “panel stacking” if courts applying this paradigm find that stacked panels are not “impartial tribunals” decided in a “judicial capacity” and therefore do not satisfy the prerequisites for estoppel. In 2015, an attorney for the USPTO stated in oral argument before the Federal Circuit that the Director of the Patent

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the value of the lawsuit. Or the forum may be an inconvenient one in which to produce the necessary evidence or in which to litigate at all. The interests of conserving judicial resources, of maintaining consistency, and of avoiding oppression or harassment of the adverse party are less compelling when the issue on which preclusion is sought has not actually been litigated before. And if preclusive effect were given to issues not litigated, the result might serve to discourage compromise, to decrease the likelihood that the issues in an action would be narrowed by stipulation, and thus to intensify litigation. It is true that it is sometimes difficult to determine whether an issue was actually litigated; even if it was not litigated, the party's reasons for not litigating in the prior action may be such that preclusion would be appropriate. But the policy considerations outlined above weigh strongly in favor of nonpreclusion, and it is in the interest of predictability and simplicity for such a result to obtain uniformly.”).

107. RESTATEMENT (SECOND) OF JUDGMENTS § 83(2)(e) (“Such other procedural elements as may be necessary to constitute the proceeding a sufficient means of conclusively determining the matter in question, having regard for the magnitude and complexity of the matter in question, the urgency with which the matter must be resolved, and the opportunity of the parties to obtain evidence and formulate legal contentions.”).

108. See *supra* Part II.F.1.

Office on occasion added additional administrative law judges to a PTAB panel to ensure the results the USPTO wanted.<sup>109</sup> The USPTO explained this practice as an acceptable means of executing the Director's policy goals.<sup>110</sup> Regardless of whether this practice is permissible as a whole, which is beyond the scope of this Article, post-grant proceedings decided in this manner may not comport with the imputed due process prerequisites under the common law of estoppel—namely the requirement that to comply with procedural due process a decision to be estopped must be made by an impartial tribunal. Courts imputing the common law requirements of estoppel to the AIA's statutory estoppel provisions could choose not to apply estoppel to decisions rendered by impartial stacked panels.

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109. Oral Argument at 47:13, *Yissum Research Dev. Co. of the Hebrew Univ. of Jerusalem v. Sony Corp.* 626 F. App'x 1006 (Fed. Cir. 2015) (Nos. 15-1342, 15-1343), <http://oralarguments.cafe.uscourts.gov/default.aspx?fl=2015-1342.mp3>.

USPTO: And, there's really only one outlier decision, the *SkyHawke* decision, and there are over twenty decisions involving joinder where the—

Judge Taranto: And, anytime there has been a seeming other-outlier you've engaged the power to reconfigure the panel so as to get the result you want?

USPTO: Yes, your Honor.

Judge Taranto: And, you don't see a problem with that?

USPTO: Your Honor, the Director is trying to ensure that her policy position is being enforced by the panels.

Judge Taranto: The Director is not given adjudicatory authority, right, under § 6 of the statute that gives it to the Board?

USPTO: Right. To clarify, the Director is a member of the Board. But, your Honor is correct—

Judge Taranto: But after the panel is chosen, I'm not sure I see the authority there to engage in case specific re-adjudication from the Director after the panel has been selected.

USPTO: That's correct, once the panel has been set, it has the adjudicatory authority and the—

Judge Taranto: Until, in your view, it's reset by adding a few members who will come out the other way?

USPTO: That's correct, your Honor. We believe that's what *Alappat* holds.

*Id.*

110. *Id.*

### G. Administrative Agency Deference

In *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*,<sup>111</sup> the Supreme Court stated that courts must defer to an agency's "reasonable interpretation" of "ambiguous" terms in statutes that the agency "administers"—known as *Chevron* deference.<sup>112</sup> However, for *Chevron* deference to apply, there must be either an explicit or implicit delegation of law-making authority to the agency with respect to the issue to be decided—such as if the statute grants the agency rulemaking authority or charges the agency with sole enforcement—and the position to receive deference must have been promulgated pursuant to that authority.<sup>113</sup> Particularly if it is applied more broadly than this, but even in its ordinary course, *Chevron* deference raises serious questions of compatibility with the Constitution's principles of separation of powers and nondelegation.<sup>114</sup> Perhaps, like all rules of statutory construction, there is no requirement under *stare decisis* to continue to apply *Chevron* deference in later cases involving different interpretative questions and

111. 467 U.S. 837 (1984).

112. *Id.* 842–44.

113. *United States v. Mead Corp.*, 533 U.S. 218, 226–27 (2001) (“We hold that administrative implementation of a particular statutory provision qualifies for *Chevron* deference when it appears that Congress delegated authority to the agency generally to make rules carrying the force of law, and that the agency interpretation claiming deference was promulgated in the exercise of that authority.”); Cass R. Sunstein, *Law and Administration after Chevron*, 90 COLUM. L. REV. 2071, 2094 (1990) (“*Chevron* applies only when an agency is exercising the power to make rules or otherwise carrying out legislatively delegated interpretive authority. . . . If agencies are simply interpreting a statute, but have not been granted the power to ‘administer’ it, the principle of deference should not apply.”); *see also* *Adams Fruit Co. v. Barrett*, 494 U.S. 638, 649 (1990) (“A precondition to deference under *Chevron* is a congressional delegation of administrative authority.”).

114. *E.g.*, *Gutierrez-Brizuela v. Lynch*, 834 F.3d 1142, 1149, 1152 (10th Cir. 2016) (Gorsuch, J., concurring) (“*Chevron* and *Brand X* permit executive bureaucracies to swallow huge amounts of core judicial and legislative power and concentrate federal power in a way that seems more than a little difficult to square with the Constitution of the framers’ design. . . . Transferring the job of saying what the law is from the judiciary to the executive unsurprisingly invites the very sort of due process (fair notice) and equal protection concerns the framers knew would arise if the political branches intruded on judicial functions.”); Sunstein, *supra* note 113, at 2074 (“This principle is quite jarring to those who recall the suggestion, found in *Marbury v. Madison* [, 5 U.S. (1 Cranch) 137, 177 (1803),] and repeated time and again in American public law, that it is for judges, and no one else, to ‘say what the law is.’”). *Chevron* deference also does not fit within a textualist interpretive regime because it uses extrinsic, later-derived, and potentially ever-changing sources to derive a text’s meaning.

different statutory schemes.<sup>115</sup> Yet, rightly or wrongly, it is one of the most entrenched statutory interpretative canons.<sup>116</sup>

The PTAB has generally adopted a broad reading of the AIA's statutory estoppel provisions to find that a party is estopped from raising grounds that it could have included in the petition for review but did not.<sup>117</sup> Nonetheless, *Chevron* does not require courts to abide by the PTAB's interpretation of these provisions. First, the AIA does not delegate law-making authority to the USPTO to promulgate or "administer" the law of the estoppel provisions. Although the USPTO may on occasion apply the estoppel provisions to later USPTO proceedings, the statute does not delegate interpretive authority exclusively to the USPTO, but rather provides that courts, the ITC, and the USPTO each have independent authority to apply statutory estoppel following post-grant proceedings.<sup>118</sup> Indeed, the AIA grants the USPTO rulemaking authority over some procedures for post-grant proceedings, but does not do the same with respect to the estoppel provisions.<sup>119</sup> Second, decisions of isolated PTAB panels do not rise to the level of agency rulemaking that is ordinarily entitled to *Chevron* deference.<sup>120</sup>

Third, the AIA's estoppel provisions are sufficiently clear to be interpreted by the court using traditional tools of statutory construction, leaving no gap to be filled by administrative agency deference.<sup>121</sup> As described above, the qualifier "during that . . . review" can have only one plain meaning when read in the context of the overall statutory scheme: limiting the triggering events for estoppel to those occurring during the pendency of the review, that is, after institution.<sup>122</sup> Because the statute is unambiguous, "that is the end of the matter; for the court, as well as the agency, must give effect to the unambiguously expressed intent of Congress."<sup>123</sup>

115. *Gutierrez-Brizuela*, 834 F.3d at 1157–58 (Gorsuch, J., concurring) ("*Chevron* is a procedural rule, and procedural rules generally receive little precedential consideration when experience proves them problematic in their administration."); see also SCALIA & GARNER, *supra* note 45, at 87, 412; Frickey, *supra* note 47, at 1976, 1981 (discussing the role of stare decisis in interpretive regime change).

116. See Sunstein, *supra* note 113, at 2074–75 (describing the extensive citation of *Chevron*).

117. Discussed in more detail *infra* Part III.B.

118. 35 U.S.C. §§ 315(e), 325(e) (2012).

119. Compare *id.* § 316 with *id.* § 315(e).

120. See *United States v. Mead Corp.*, 533 U.S. 218, 234 (2001) (finding that Customs ruling letters do not rise to the level of *Chevron* deference).

121. *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1358 (2018) ("Even under *Chevron*, we owe an agency's interpretation of the law no deference unless, after 'employing traditional tools of statutory construction,' we find ourselves unable to discern Congress's meaning." (quoting *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 843 n.9 (1984))).

122. *Supra* Part II.B–F.

123. *Chevron*, 467 U.S. at 842–43.

### H. *Impact of Legislative History*

Some patent stakeholders disagree with the narrow reading presented here, arguing that the provision should be read broadly because congressional records suggest that Congress and testifying stakeholders intended a broad reading of the provision.<sup>124</sup> However, this approach fails to conform to the Supreme Court's current textualist method of statutory interpretation. As explained above, constitutional principles of bicameralism and presentment demand that the text of the statute itself, rather than Congress's unenacted intentions, be the authoritative source of statutory interpretation.<sup>125</sup> Although courts sometimes use legislative history to confirm a reading arrived at via a textualist approach, courts may not use legislative history to contradict the clear text of a statute.<sup>126</sup>

Even if a court determines that legislative intent should influence the interpretation of a law, it should be cautious of using legislative history, rather than the text itself, to infer that intent. Legislative history is an imperfect measure of the intent behind the law for many reasons: Statements made in debates may be merely strategic and may not represent the views of all of those passing the legislation, and even committee reports speak, at best, for the committee's majority, rather than for the majority of legislators who voted for the legislation.<sup>127</sup> In

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124. *E.g.*, Robert L. Stoll, *Maintaining Post-Grant Review Estoppel in the American Invents Act Revisited: A Call for Legislative Restraint*, 23 FED. CIR. B.J. 15, 53 (2013) (arguing for a broad scope of estoppel that would extend to any grounds that reasonably could have been raised in the petition for review). See *infra* Part IV.C for a discussion of the legislative history.

125. *Exxon Mobil Corp. v. Allapattah Servs., Inc.*, 545 U.S. 546, 568 (2005) (“[T]he authoritative statement is the statutory text, not the legislative history or any other extrinsic material”); Easterbrook, *supra* note 51, at 82 (“Intents are irrelevant even if discernable (which they aren’t), because our Constitution provides for the enactment and approval of texts, not of intents. The text is not evidence of the law; it is the law.”).

126. See *Milner v. Dep’t of Navy*, 562 U.S. 562, 574 (2011) (“Legislative history, for those who take it into account, is meant to clear up ambiguity, not create it.”); Easterbrook, *supra* note 51, at 81 (“[Supreme Court Justices] never use legislative history to contradict a statute but sometimes use it to confirm statutory meaning arrived at, they tell us, by other means.”). What purpose a confirmation of a meaning already decided may serve beyond satisfying intellectual curiosity is unclear. Under an appropriate textualist methodology, courts would not use legislative history even for the purposes of parsing ambiguities or confirming a meaning arrived at by other means.

127. See *Allapattah Servs.*, 545 U.S. at 568 (“[J]udicial reliance on legislative materials like committee reports, which are not themselves subject to the requirements of Article I, may give unrepresentative committee members—or, worse yet, unelected staffers and lobbyists—both the power and the incentive to attempt strategic manipulations of legislative history to secure results they were unable to achieve through the statutory text.”); SCALIA & GARNER, *supra* note 45, at 376–77 (noting that floor statements are often delivered to a nearly empty chamber, sometime solely for the purpose of “mak[ing] legislative history”) (“[T]he only thing that one can say for sure was agreed to by both houses and the President (on signing the bill) is the text of the statute. The rest is legal fiction.”); Easterbrook, *supra* note 51, at 81, 90–91, 94–96 (criticizing the practice

legislative history, “the median legislator is silent.”<sup>128</sup> In contrast, the text speaks for all who passed the legislation.

Some recent cases state that legislative history might have value, at the periphery, to aid understanding of ambiguous terms.<sup>129</sup> Indeed, even under a true textualist approach, legislative history may have value in deducing the contemporaneous meaning of ambiguous terms, the meaning of which cannot be deduced from the text itself—not because the legislature’s understanding determines the meaning of ambiguous terms, but because legislators are themselves members of the contemporaneous population and their contemporaneous statements are extrinsic evidence of contemporary understanding.<sup>130</sup> Even so, legislative history is often not the best source of the meaning of terms as they were understood by the contemporaneous interpretive community. For modern texts, a plethora of contemporaneous dictionaries are available to determine the unbiased, ordinary meaning of terms. Use of legislative history as evidence of contemporaneous understanding is dangerous when other sources are available because it invites conflation of the legislator’s intended meaning with the actual contemporaneous meaning of those terms. Therefore, legislative history should generally not be used over dictionaries and other less prejudicial evidence to determine the meaning of terms in recently-passed statutes. For those statutes, like the AIA, the potential benefits of using legislative history as a proxy for contemporaneous understanding are sufficiently low that they do not outweigh the risk of conflating legislators’ intended meaning with contemporaneous understanding.

Admittedly, the legislative history of the AIA reflects that for IPR (though not for PGR or CBMR), at least those outspoken members of Congress who discussed the issue of estoppel on the floor or in committee

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of “quot[ing] freely from legislators who favored [a particular approach to the legislation], or at least were neutral, whether or not that person had any influence” on the ultimate text of the legislation and noting the extensive time commitment that would be required of judges to adequately determine which statements reflect influence in the passage of the legislation and which do not); *see also* *Advocate Health Care Network v. Stapleton*, 137 S. Ct. 1652, 1661 (2017) (referring to “excerpts from committee hearings and scattered floor statements by individual lawmakers” as “lowly sources” that are “among the least illuminating forms of legislative history”).

128. *Easterbrook*, *supra* note 51, at 91.

129. *Milner*, 562 U.S. at 572 (“Those of us who make use of legislative history believe that clear evidence of congressional intent may illuminate ambiguous text. We will not take the opposite tack of allowing ambiguous legislative history to muddy clear statutory language.”); *Allapattah Servs.*, 545 U.S. at 568 (“Extrinsic materials have a role in statutory interpretation only to the extent they shed a reliable light on the enacting Legislature’s understanding of otherwise ambiguous terms.”).

130. *See* *Easterbrook*, *supra* note 51, at 91–92 (“Meaning depends not on the contents of the speaker’s head, but on the reaction of the contemporaneous interpretive community.”).

reports intended a broad estoppel that extended to grounds that reasonably could have been included in the petition for review.<sup>131</sup> The legislative history of the AIA's estoppel provisions is described further below in detail.<sup>132</sup> However, under the Supreme Court's current textualist approach to statutory interpretation, this legislative intent cannot alter the plain meaning of the statute derived from its text.<sup>133</sup> Constitutional principles demand that Congress execute its intent through the text.<sup>134</sup> If Congress intended a broad estoppel, the drafters of the AIA failed to accomplish this. It is now for Congress, not the courts, to correct the AIA via statutory amendment if it still believes it appropriate.

### I. *Impact of Policy Arguments*

Principles of statutory interpretation likewise caution against reading a law to satisfy policy goals when the plain meaning of the statute supports a different reading.<sup>135</sup> In addition to the constitutional issues raised above, judges are less equipped than the legislature to determine the likely impact of particular interpretations of law and to choose from among the policy goals that should be served. Although Congress may hear commentary from diverse stakeholders as to how the laws will affect them or request social science or economics studies and await their results before acting, a judge often has far more limited information available and may, in the worst case, substitute her own reasoning for careful policy decisions on issues covered by statute. The judiciary is not designed for policy making on issues where Congress has already acted, but for interpreting laws according to the laws' terms.<sup>136</sup>

Under a textualist framework, pragmatism should have no role in the sound construction of statutory provisions, whether favorable to a textualist interpretation or not. Nonetheless, for completeness, the policy implications of competing interpretations of the AIA's estoppel provision are discussed in detail below in Part V. As described there, a narrow scope of estoppel furthers the patent quality goals that formed the primary impetus for passage of the AIA.

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131. *Infra* Part IV.C.

132. *Infra* Part IV.C.

133. *Milner*, 562 U.S. at 574; *Allapattah Servs.*, 545 U.S. at 568.

134. *Supra* Part II.A.1.

135. *Rodriguez v. United States*, 480 U.S. 522, 526 (1987) (per curiam) ("Deciding what competing values will or will not be sacrificed to the achievement of a particular objective is the very essence of legislative choice—and it frustrates rather than effectuates legislative intent simplistically to assume that *whatever* furthers the statute's primary objective must be the law."); see also *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1358 (2018) ("Policy arguments are properly addressed to Congress, not this Court.").

136. See Easterbrook, *supra* note 51, at 82 ("I am leery of pragmatic arguments because they simultaneously depart from the enacted texts and give too much power to judges.").



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As explained above, the Supreme Court's modern, textualist approach to statutory construction demands a narrow reading of the AIA's statutory estoppel provisions. Under this reading, a petitioner would not be estopped from raising, in later litigation, any grounds for invalidity that it could not litigate during the pendency of the post-grant proceeding, either because the PTAB declined institution for any reason or because the petitioner chose not to include the ground in its petition for review. This Article now turns to the current judicial approach to IPR estoppel before discussing, for the sake of completeness, the considerations that do not apply to this textualist approach to statutory interpretation, namely the legislative history of the AIA's estoppel provisions and the policy justifications of a narrow estoppel following post-grant proceedings.

### III. JUDICIAL TREATMENT OF POST-GRANT ESTOPPEL

The Federal Circuit has not yet had occasion to address, in a precedential decision, how the AIA's estoppel provisions should be read when applied to grounds that the petitioner reasonably could have raised in its petition for IPR, PGR, or CBMR but did not. The Supreme Court likewise has not addressed this issue. In light of the foregoing statutory analysis, when the Federal Circuit or the Supreme Court next reviews the appropriate scope of the AIA's estoppel provisions, it should adopt a narrow reading. Although the Federal Circuit adopted a narrow reading of the statutory text in pre-*SAS Industries* cases involving the estoppel effect of non-instituted grounds, such as *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*<sup>137</sup> and *HP Inc. v. MPHJ Technology Investments, LLC*,<sup>138</sup> some district courts and the PTAB found that those decisions merely stood for a limited exception to estoppel if the PTAB declines review of certain grounds for redundancy (without substantive consideration) and grants partial institution to others.<sup>139</sup> Following the Supreme Court's decision in *SAS Industries*, which requires the PTAB to institute review on all grounds raised in the petition or none,<sup>140</sup> the specific factual scenarios addressed in *Shaw* and *HP* can no longer arise.

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137. 817 F.3d 1293, 1300 (Fed. Cir. 2016), *cert. denied*, 137 S. Ct. 374 (2016).

138. 817 F.3d 1339, 1347 (Fed. Cir. 2016).

139. *E.g.*, *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 271 F. Supp. 3d 990, 1033 (E.D. Wis. 2017); *Cobalt Boats, LLC v. Sea Ray Boats, Inc.*, No. 2:15-CV-00021-HCM-LRL, 2017 WL 2605977 at \*2–3 (E.D. Va. June 5, 2017); *Douglas Dynamics, LLC v. Meyer Prods. LLC*, No. 14-cv-886-jdp, 2017 WL 1382556, at \*4 (W.D. Wis. Apr. 18, 2017); *Great W. Cas. Co. v. Intellectual Ventures II LLC*, No. IPR2016-01534, at 12 (P.T.A.B. Feb. 15, 2017). A “ground” in PTAB practice refers to a basis for unpatentability, such as obviousness over a specific combination of prior art. A petition for review may include multiple grounds for unpatentability.

140. *SAS Inst. Inc.*, 138 S. Ct. at 1354–60.

Nonetheless, this and other precedent on the estoppel effect of non-instituted grounds remains informative in the interpretation of the appropriate scope of the AIA's estoppel provisions.

### A. *The Federal Circuit*

In *Shaw Industries*, petitioner Shaw sought a writ of mandamus instructing the PTAB to reevaluate a decision not to institute review on certain grounds for unpatentability on the basis that those grounds were redundant with other instituted grounds.<sup>141</sup> Shaw argued for mandamus on the basis that, “because it brought the Payne-based ground in its petition and the PTO denied IPR on that ground, it may be estopped from arguing the ground in any future proceedings.”<sup>142</sup> The USPTO, in its opposing briefs, argued that under a plain reading of § 315(e)(2), “the denied ground never became part of the IPR.”<sup>143</sup> The Federal Circuit agreed with the USPTO, holding that, under a plain reading, the Payne-based ground was not raised “during that inter partes review”:

Both parts of § 315(e) create estoppel for arguments “on any ground that the petitioner raised or reasonably could have raised *during* that inter partes review.” Shaw raised its Payne-based ground in its petition for IPR. [T]he PTO denied the petition as to that ground, thus no IPR was instituted on that ground. The IPR does not begin until it is instituted. *See Cuozzo*, 793 F.3d at 1272 (“IPRs proceed in two phases. In the first phase, the PTO determines whether to institute IPR. In the second phase, the Board conducts the IPR proceeding and issues a final decision.” (citations omitted)). Thus, Shaw did not raise—nor could it have reasonably raised—the Payne-based ground *during* the IPR. The plain language of the statute prohibits the application of estoppel under these circumstances.<sup>144</sup>

Shortly after *Shaw*, the Federal Circuit again held in *HP* that estoppel does not apply to grounds that the petitioner raised but that the PTAB did not institute as part of the IPR on the basis of redundancy.<sup>145</sup> Together, these cases at least made clear that when the PTAB declines to institute

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141. *Shaw*, 817 F.3d at 1299.

142. *Id.*

143. *Id.* at 1300 (quoting Brief for Intervenor – Dir. of the U.S. Patent & Trademark Office at 38, *Shaw*, 817 F.3d 1293 (No. 15-1116)).

144. *Id.*

145. *HP Inc. v. MPHJ Tech. Inv., LLC*, 817 F.3d 1339, 1347 (Fed. Cir. 2016) (“[T]he noninstituted grounds do not become a part of the IPR. Accordingly, the noninstituted grounds were not raised and, as review was denied, could not be raised in the IPR. Therefore, the estoppel provisions of § 315(e)(1) do not apply.”).

review of grounds raised in the petition on the basis of redundancy, rather than on a substantive basis, estoppel does not extend to those grounds. Hinting at possible extension of this logic, in early 2017, the Federal Circuit issued a nonprecedential opinion denying a petition for mandamus in *In re Verinata Health*.<sup>146</sup> The court found no clear abuse of discretion in the lower court's findings: (1) estoppel does not apply to grounds raised in the petition, but on which the Board declined to institute review for substantive reasons (because it found there was no likelihood of success on those grounds); and (2) estoppel does apply to grounds that are merely a subset of instituted obviousness combinations.<sup>147</sup>

Additionally, consistent with statutory language that estoppel applies only where "a claim in a patent under this chapter . . . results in a final written decision,"<sup>148</sup> the Federal Circuit has held that estoppel does not apply to grounds for invalidity of a patent claim where the PTAB declines to institute review of the claim on any ground and thus does not address that claim in its final written decision.<sup>149</sup>

Another Federal Circuit case that supports a narrow definition of "review" or "proceeding" in the AIA's estoppel provisions is *Intellectual Ventures II v. JPMorgan Chase & Co.*<sup>150</sup> At issue in that case was the scope of the Federal Circuit's appellate jurisdiction pursuant to AIA § 18(b), which provides for "immediate interlocutory appeal from a district court's decision" to stay district court proceedings "relating to a transitional [CBMR] proceeding for that patent."<sup>151</sup> The Federal Circuit held that the word "proceeding" in this statutory provision only refers to the period following institution and does not permit appeal from a stay decision relating only to a petition for a CBMR proceeding.<sup>152</sup> Looking to the statutory context, the Federal Circuit noted that the "AIA differentiates between a petition for a CBMR proceeding" and the proceeding itself, such as in the phrase "petition for a [CBMR]

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146. No. 17-109, 2017 WL 1422489 (Fed. Cir. Mar. 9, 2017), *writ denied*, *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. 12-CV-05501-SI, 2017 WL 235048 (N.D. Cal. Jan. 19, 2017).

147. *See id.* at \*2.

148. 35 U.S.C. § 315(e) (2012).

149. *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1052–53 (Fed. Cir. 2017) (holding that the PTAB institutes review "on a claim-by-claim basis," such that where the PTAB declined to institute review of certain claims in a CBMR, "estoppel does not apply to those non-instituted claims," even though § 101 grounds for invalidity were raised with respect to both the instituted and non-instituted claims); *see also* *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1315 (Fed. Cir. 2016) ("[T]he statute is quite clear that the PTO can choose whether to institute inter partes review on a claim-by-claim basis."), *overruled on other grounds by* *Aqua Prod., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017).

150. 781 F.3d 1372 (Fed. Cir. 2015).

151. *Id.* at 1375 (emphasis added) (footnote omitted) (quoting AIA, Pub. L. No. 112-29, sec. 18(b) 125 Stat. 284, 331 (2011) (codified as amended in scattered sections of 35 U.S.C.)).

152. *Id.* at 1376 (alteration in original) (quoting AIA sec. 18(a)(1)(B)).

proceeding,” which the Federal Circuit said suggests that the petition is a request for a proceeding, not part of the proceeding.<sup>153</sup> If the logic of this case were applied to the estoppel provisions, the phrase “during that . . . review,” and certainly the phrase “during that transitional proceeding,” could only be read as referring to the time period following institution.

### B. PTAB

The PTAB has interpreted *Shaw* as holding that no statutory estoppel applies where the petitioner raised the ground in its petition but the PTAB granted only partial institution and declined to institute review on that ground, either on the basis of redundancy or for substantive reasons.<sup>154</sup> However, both before and after *Shaw*, the PTAB has taken a broad view of estoppel as to grounds that the petitioner failed to include in its petition for review.<sup>155</sup> Adopting Senator Kyl’s approach, the PTAB will apply estoppel to any grounds that it finds the petitioner reasonably could have located through a diligent search and included in the petition for review.<sup>156</sup> For example, the PTAB has found that if a prior art reference was cited during prosecution or cited by the petitioner in earlier proceedings, the petitioner could have raised that ground in its petition for review and would be estopped from raising it in later proceedings.<sup>157</sup> For grounds not previously cited, the PTAB conducts an assessment of the availability of the materials to determine whether they could

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153. *Id.*

154. *Great W. Cas. Co. v. Intellectual Ventures II LLC*, No. IPR2016-01534, at 12–13 (P.T.A.B. Feb. 15, 2017) (discerning “that *Shaw Industries Group* held that estoppel does not apply to any ground of unpatentability that was presented in a petition, but denied institution,” but noting that there is “a substantive distinction between a ground that a petitioner attempted to raise, but was denied a trial, and a ground that a petitioner could have raised, but elected not to raise in its previous petition or petitions”).

155. *Apotex Inc. v. Wyeth LLC*, No. IPR2015-00873, at 8 (P.T.A.B. Sept. 16, 2015); *Johns Manville Corp. v. Knauf Insulation Inc.*, No. IPR2016-00130, at 12–15 (P.T.A.B. May 8, 2017); *Great West Cas.*, No. IPR2016-01534, at 15–16; *Ford Motor Co. v. Paice*, No. IPR2015-00722, at 6–8 (P.T.A.B. Sept. 26, 2016); *Praxair Distribution Inc. v. INO Therapeutics LLC.*, No. IPR2016-00781, at 10 (P.T.A.B. Aug. 25, 2016). The practical effects of the PTAB’s approach to estoppel may be limited, however. In *SAS Institute Inc. v. Iancu*, the Supreme Court indicated that the AIA gives the USPTO discretion to deny institution of an *inter partes* review. 138 S. Ct. 1348, 1351 (2018) (“§ 314(a) invests the Director with discretion on the question *whether* to institute review . . . .”) (emphasis in original). Combined with the unappealability of institution decisions, 35 U.S.C. § 314(d), there is little to stop the PTAB from simply denying institution in any circumstance it pleases.

156. *See, e.g., Johns Manville Corp.*, No. IPR2016-00130, at 12–15; *Great West Cas.*, No. IPR2016-01534, at 15–16 (P.T.A.B. Feb. 15, 2017); *Ford Motor*, No. IPR2015-00722, at 6–8; *Praxair Distribution Inc.*, No. IPR2016-00781, at 10; *Apotex*, No. IPR2015-00873, at 8.

157. *Ford Motor*, No. IPR2015-00722, at 6–8; *Apotex*, No. IPR2015-00873, at 8.

reasonably have been found.<sup>158</sup> The approach fails to comport with sound principles of statutory construction and adds unnecessary complexity to the decision of whether to apply estoppel.

### C. District Courts

District courts are split in their interpretation of the AIA's estoppel provisions, particularly as to whether a petitioner is estopped from raising art that it could have, but did not, raise in its petition for review.

#### 1. Non-Instituted Grounds Raised in Petition

After *Shaw*, and before *SAS Industries* prohibited partial institution, most district courts held that estoppel did not apply as to grounds that were raised in the petition but not instituted, regardless of whether the PTAB declined to institute on redundancy grounds<sup>159</sup> or because the PTAB believed the ground was not reasonably likely to succeed.<sup>160</sup> Moreover, courts agree that estoppel does not apply to any grounds for invalidity of a patent claim where the PTAB declines to institute on any grounds for that claim.<sup>161</sup>

Nonetheless, a few district courts that disagree with *Shaw*'s approach to interpreting statutory estoppel have found a way around it. When determining whether to stay court proceedings pending the results of IPRs and PGRs, some courts have required parties to stipulate, as a condition of the stay, to a broader scope of estoppel than that likely appropriate under *Shaw*.<sup>162</sup> For example, in a recent case in the Eastern District of Texas, the court suggested that it would only stay the case pending an IPR if the defendant, who was the IPR petitioner, "stipulates that for any claims surviving IPR, [it] will not assert a defense under §§ 102 or 103 based on prior art that it raised or reasonably could have raised in its IPR petitions," noting that "'reasonably could have raised' would be prior art

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158. *Johns Manville*, No. IPR2016-00130, at 12–15; *Great West Cas.*, No. IPR2016-01534, at 15–16; *Praxair Distribution Inc.*, No. IPR2016-00781, at 10.

159. *Illumina Inc. v. Qiagen N.V.*, 207 F. Supp. 3d 1081, 1088–89 (N.D. Cal. 2016) (finding no estoppel applies to grounds not instituted as redundant).

160. *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. 12-CV-05501-SI, 2017 WL 235048, at \*3–4 (N.D. Cal. Jan. 19, 2017) (finding estoppel did not apply to obviousness over a combination of Quake and Craig, a ground on which the PTAB declined to institute review as not reasonably likely to succeed).

161. *Depomed Inc. v. Purdue Pharma L.P.*, No. 3:13-cv-00571, 2017 WL 5508538, at \*16–18 (D.N.J. Nov. 4, 2016) (finding that the defendant was not estopped from challenging non-instituted claims on the basis of prior art asserted in the IPR petition). This comports with the statutory language, wherein estoppel only applies if there is an "inter partes review of a claim in a patent under this chapter that results in a final written decision." 35 U.S.C. § 315(e).

162. *E.g.*, *Infernal Tech., LLC v. Elec. Arts Inc.*, No. 215CV01523JRGRSP, 2016 WL 9000458, at \*4, \*4 n.5 (E.D. Tex. Nov. 21, 2016).

that a ‘skilled searcher conducting a diligent search reasonably could have been expected to discover’” and that this would “includ[e] any applicable references cited in [its] invalidity contentions or relied upon by [its] expert witness in his opening expert report regarding invalidity.”<sup>163</sup> The court then deferred resolution of the motion to stay pending defendant’s “decision” on whether to enter the requested stipulation.<sup>164</sup> A court offering such a deal wields immense power over the defendant, which the court uses to usurp the precedent of higher courts and thereby harm the orderly administration of justice. Such deals are likely to continue to rise in popularity absent a crystal-clear decision on the scope of estoppel from the Federal Circuit, an aberrant appellate review of a denial of stay should a party refuse such a deal,<sup>165</sup> or legislative action to clarify the conditions of stay pending IPR and PGR and provide direct appellate review of those decisions, as the statute provides for CBMR.<sup>166</sup>

## 2. Grounds Not Raised in Petition

District courts are fiercely split, however, in their interpretation of the AIA’s estoppel provisions as applied to grounds for invalidity that the petitioner did not raise in its petition for review. Some lower courts have read into the estoppel provision language that does not exist in its text, finding that the estoppel applies to grounds that were raised or reasonably could have been raised in the party’s petition for IPR or PGR, including art that the petitioner reasonably could have located after a diligent search.<sup>167</sup> Relying primarily on legislative history to determine the

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163. *Id.* (footnote omitted) (quoting 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl)).

164. *Id.* at \*1.

165. Ordinarily, a district court’s decision of whether to grant a stay is not appealable. *See* Procter & Gamble Co. v. Kraft Foods Glob., Inc., 549 F.3d 842, 847 (Fed. Cir. 2008) (explaining a limited exception where appellate review of a decision to stay may be appropriate where other interlocutory orders that are properly appealed necessarily implicate the stay decision and providing that such review is for an abuse of discretion).

166. For CBMR only, the AIA sets out factors that a court must consider whether deciding whether to enter a stay, provides for immediate interlocutory review of the stay decision, and provides that such review may be de novo. AIA, Pub. L. No. 112-29, sec. 18(b)(1), 125 Stat. 284, 331 (2011) (codified as amended in scattered sections of 35 U.S.C.). The Federal Circuit, interpreting this statute, recently overturned a district court’s decision to deny a stay in a CBMR, finding, *inter alia*, that the PTAB’s decision to institute review on all claims of the asserted patent “strongly favor[s] . . . a stay.” *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1313 (Fed. Cir. 2014).

167. *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 271 F. Supp. 3d 990, 1033 (E.D. Wis. 2017); *Network-1 Techs., Inc. v. Alcatel-Lucent USA, Inc.*, No. 6:11-CV-00492-RWS, 2017 WL 4856473, at \*1 (E.D. Tex. Oct. 27, 2017) (“The statute provides that a party is estopped from asserting at trial invalidity grounds that it *reasonably could have raised* during an IPR, and non-

appropriate scope of the estoppel provision, these cases fail to give sufficient weight to the text of the statute and the context in which its words appear.<sup>168</sup>

On the other hand, several other district courts have read *Shaw* as limiting estoppel only to those grounds that were raised in the petition, instituted, and subject to a written decision.<sup>169</sup> These courts recognize that *Shaw*'s textualist approach demands a narrow reading.<sup>170</sup> Some of these courts have also noted the absurdity, given the space constraints of PTAB petitions, of requiring a petitioner to include all prior art it could have located in its petition for IPR under risk of estoppel.<sup>171</sup>

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petitioned grounds that could have been included in an IPR petition are precisely those grounds.”); *Cobalt Boats, LLC, v. Sea Ray Boats, Inc.*, No. 2:15-CV-00021-HCM-LRL, 2017 WL 2605977 at \*5–6 (E.D. Va. June 5, 2017); *Biscotti Inc. v. Microsoft Corp.*, No. 13-CV-01015-JRG-RSP, 2017 WL 2526231, at \*7 (E.D. Tex. May 11, 2017) (determining that estoppel applies to grounds not included in a petition that the petitioner reasonably could have raised); *Douglas Dynamics, LLC v. Meyer Prods. LLC*, No. 14-cv-886-jdp, 2017 WL 1382556, at \*4 (W.D. Wis. Apr. 18, 2017) (“Accordingly, the court will construe the statutory language ‘any ground that the petitioner . . . reasonably could have raised during that inter partes review’ to include non-petitioned grounds that the defendant chose not to present in its petition to PTAB [and could have found via a diligent search].” (quoting 35 U.S.C. § 316(e)(2) (2012)), *reconsideration granted on other grounds*, No. 14-CV-886-JDP, 2017 WL 2116714 (W.D. Wis. May 15, 2017); *Parallel Networks Licensing, LLC v. IBM Corp.*, No. 13-2072, 2017 WL 1045912, at \*11–12 (D. Del. Feb. 22, 2017), *appeal filed*, No. 17-2115 (Fed. Cir. May 31, 2017); *Clearlamp, LLC v. LKQ Corp.*, No. 12 C 2533, 2016 WL 4734389, at \*7–8 (N.D. Ill. Mar. 18, 2016).

168. *Milwaukee Elec. Tool Corp.*, 271 F. Supp. 3d at 1033; *Network-1 Techs.*, 2017 WL 4856473, at \*1; *Cobalt Boats*, 2017 WL 2605977, at \*5–6; *Biscotti Inc.*, 2017 WL 2526231, at \*7 (determining that estoppel applies to grounds not included in a petition that the petitioner reasonably could have raised); *Douglas Dynamics*, 2017 WL 1382556, at \*4; *Parallel Networks Licensing*, 2017 WL 1045912, at \*11–12; *Clearlamp*, 2016 WL 4734389, at \*7–8. Though, at least one court arrived at this result using a purportedly text-based analysis. *Oil-Dri Corp. of Am. v. Nestle Purina Petcare Co.*, No. 15-CV-1067, 2017 WL 3278915, at \*7 (N.D. Ill. Aug. 2, 2017).

169. *Koninklijke Philips N.V. v. Wangs All. Corp.*, No. CV 14-12298-DJC, 2018 WL 283893, at \*4 (D. Mass. Jan. 2, 2018) (“[T]he broader reading of the estoppel provision is foreclosed by *Shaw*.”); *Finjan, Inc. v. Blue Coat Sys., LLC*, No. 15-CV-03295-BLF, 2017 WL 7050646, at \*11 (N.D. Cal. July 28, 2017) (“[E]stoppel applies only to grounds that were both raised in the IPR petition and instituted in the IPR proceeding.”); *Intellectual Ventures I LLC v. Toshiba Corp.*, 221 F. Supp. 3d 534, 553–54 (D. Del. 2016) (“Although . . . Toshiba certainly could have raised these additional obviousness grounds based on public documents at the outset of their IPR petition, the Federal Circuit has construed the above language quite literally.”), *reconsideration denied*, 2017 WL 107980, at \*1 (D. Del. Jan. 11, 2017).

170. *See Koninklijke Philips N.V.*, 2018 WL 283893, at \*4; *Finjan*, 2017 WL 7050646, at \*11; *Intellectual Ventures*, 221 F. Supp. at 553–54.

171. *Intellectual Ventures*, 2017 WL 107980, at \*1 (denying reconsideration and noting, as to grounds not raised in the IPR petition, that the argument that “a company that seeks an IPR must bring to the PTAB’s attention every ground the company has reason to think might be relevant[,] otherwise, it will be estopped from pursuing that ground in litigation . . . appears to be inconsistent with all of the limitations imposed by the PTAB on IPR proceedings (e.g., page limits for petitions, 14 point type, and portrait-view claim charts)”).

### 3. Other

District courts agree that estoppel does not apply to combinations of art that include prior art systems that were in public use or on sale, which could not have been raised in the IPRs given that IPRs are limited by statute to patents or printed publications.<sup>172</sup>

Most district courts agree that estoppel extends to grounds that are merely a subset of instituted grounds because such subsets “reasonably could have been raised” during the IPR.<sup>173</sup> However, at least one court has held otherwise when the PTAB explicitly noted that it would not consider the subset in the review.<sup>174</sup>

## IV. STATUTORY AND LEGISLATIVE HISTORY OF PRE-AIA AND AIA ESTOPPEL PROVISIONS

### A. *Bayh-Dole and the AIPA*

The relevant history of the AIA’s post-grant proceedings begins with the Bayh-Dole Act of 1980.<sup>175</sup> Through passage of the Bayh-Dole Act of 1980, Congress amended the Patent Act to allow *ex parte* reexamination of issued patents.<sup>176</sup> *Ex parte* reexaminations permit a patent owner or a third party to ask the Patent Office to reexamine an already-issued patent on the basis of a substantial new question of patentability, such as certain prior art that was not previously considered by the Patent Office.<sup>177</sup> Congress’s stated goals in enacting *ex parte* reexamination were to improve patent quality—to “strengthen[] investor confidence in the certainty of patent rights by creating a system of administrative reexamination of doubtful patents”—and to provide a faster and less expensive means to test patent validity than doing so only through district court litigation.<sup>178</sup> *Ex parte* proceedings, as the name conveys, involve

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172. 35 U.S.C. § 311(b); *cf.* *Advanced Micro Devices v. LG Elecs., Inc.*, No. 14-cv-01012-SI, 2017 WL 2774339, at \*6 (noting that “IPR estoppel does not effect a bar to LG’s assertion of *all* combinations including Kurihara,” only combinations that were instituted and subsets thereof).

173. *E.g.*, *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. 12-CV-05501-SI, 2017 WL 235048, at \*4 (N.D. Cal. Jan. 19, 2017).

174. *Oil-Dri Corp. of Am. v. Nestle Purina Petcare Co.*, No. 15-CV-1067, 2017 WL 3278915, at \*5 (N.D. Ill. Aug. 2, 2017).

175. Pub. L. No. 96-517, 94 Stat. 3015 (1980) (codified at 35 U.S.C. §§ 301–307).

176. *Id.*

177. *Id.*; U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE § 2216 (9th ed. 2015) [hereinafter MPEP].

178. H.R. REP. NO. 96-1307, pt. 1, at 6462 (1980). The Report of the House Committee on the Judiciary notes hope that this procedure might function as an alternative to litigating validity in court but focuses on potential benefits to the patentee, such as that the procedure potentially allowing patentees to demonstrate the validity of their patents to third party infringers who would otherwise use the high cost of litigation as leverage to extract cheaper licensing fees. *Id.* (“A new



only the Patent Office and the patentee, with the third party having no ability to participate beyond filing an initial request or, in certain limited circumstances, a single reply.<sup>179</sup>

The drafters of the Bayh-Dole Act included no estoppel provision binding third parties to the validity decisions of the Patent Office following *ex parte* reexamination.<sup>180</sup> Nonetheless, parties might have had more difficulty challenging a patent in court following an unsuccessful *ex parte* reexamination. Although the evidentiary burden does not change, the presumption of validity afforded to patents under 35 U.S.C. § 282 may be more difficult to overcome where the grounds for invalidity were considered by the Patent Office, either during the original examination or reexamination, than if those grounds were not previously considered.<sup>181</sup> In the years following implementation of *ex parte* reexamination, some patent stakeholders called for expanding the role of third-party challengers in reexamination proceedings on the grounds that

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patent reexamination procedure is needed to permit the owner of a patent to have the validity of his patent tested in the Patent office where the most expert opinions exist and at a much reduced cost. Patent office reexamination will greatly reduce, if not end, the threat of legal costs being used to 'blackmail' such holders into allowing patent infringements or being forced to license their patents for nominal fees. . . . It is anticipated that these measures provide a useful and necessary alternative for challengers and for patent owners to test the validity of United States patents in an efficient and relatively inexpensive manner.”)

179. See MPEP, *supra* note 177, § 2209 (“If ordered, the actual reexamination proceeding is *ex parte* in nature.”). The third party may reply if the patentee files an opposition statement, though the patentee rarely does so. See 35 U.S.C. § 304 (2012) (“[T]hat person [who filed the request] may file and have considered in the reexamination a reply to any statement filed by the patent owner.”); 37 C.F.R. § 1.550(g) (2017) (“The active participation of the *ex parte* reexamination requester ends with the reply pursuant to § 1.535, and no further submissions on behalf of the reexamination requester will be acknowledged or considered.”).

180. See 35 U.S.C. §§ 301–307. Note that common law estoppel would generally not apply following *ex parte* administrative proceedings because the party to be estopped would have had no full and fair opportunity to litigate. See *United States v. Utah Const. & Min. Co.*, 384 U.S. 394, 422 (1966) (noting in dicta that preclusion would only apply to agency decisions in “which the parties have had an adequate opportunity to litigate”); *cf. In re Swanson*, 540 F.3d 1368, 1379 (Fed. Cir. 2008) (noting that because USPTO reexaminations and district court litigations on the validity of the same patent are “differing proceedings with different evidentiary standards for validity,” they are “not duplicative”).

181. *Cf. Microsoft Corp. v. I4I Ltd. P’ship*, 564 U.S. 91, 111 (2011) (noting that although the presumption of validity requires invalidity to be shown by the same standard of clear and convincing evidence in all infringement cases, “if the PTO did not have all material facts before it, its considered judgment may lose significant force. And, concomitantly, the challenger’s burden to persuade the jury of its invalidity defense by clear and convincing evidence may be easier to sustain.” (citations omitted)). The presumption of validity does not apply within USPTO proceedings. MPEP, *supra* note 177, § 2258 (“The statutory presumption of validity, 35 U.S.C. 282, has no application in reexamination.”).

an expanded reexamination might be viewed as a more viable alternative to litigation than the then-existing *ex parte* procedure.<sup>182</sup>

With the American Inventors Protection Act of 1999 (AIPA),<sup>183</sup> Congress created a new post-grant procedure, *inter partes* reexamination, with the goal to expand third party participation in reexaminations.<sup>184</sup> With *inter partes* reexamination, third parties could submit a written comment each time the patent owner filed a response, and they also had the opportunity to appeal a decision that the patent was not unpatentable to the USPTO's Board of Patent Appeals and Interferences, then to the Federal Circuit.<sup>185</sup> Congress also added a provision for estoppel wherein the petitioner would be estopped from asserting in a later proceeding any grounds for invalidity that the petitioner "raised or could have raised during the *inter partes* reexamination proceedings":

CIVIL ACTION.—A third-party requester whose request for an *inter partes* reexamination results in an order under section 313 is estopped from asserting at a later time, in any civil action arising in whole or in part under section 1338 of title 28, United States Code, the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or could have raised during the *inter partes* reexamination proceedings. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the *inter partes* reexamination proceedings.<sup>186</sup>

The legislative history indicates that Congress added this provision "[t]o prevent harassment" of patentees.<sup>187</sup> The AIPA also separately provided for estoppel of any fact determined during the reexamination: "Any party who requests an *inter partes* reexamination under section 311 of title 35, United States Code, is estopped from challenging at a later

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182. See, e.g., ADVISORY COMM'N ON PATENT LAW REFORM, A REPORT TO THE SECRETARY OF COMMERCE 14 (1992) ("The Commission also recommends providing third parties with more opportunities for substantive participation during the reexamination proceeding. The objective of the Commission in this regard is to build confidence in the reexamination process so that third parties will be inclined to raise patent challenges in this forum rather than through litigation.").

183. Pub. L. No. 106-113, 113 Stat. 1501A-552 (codified as amended in scattered sections of 35 U.S.C.).

184. H.R. REP. NO. 106-287, pt. 1, at 6 (1999).

185. AIPA sec. 4605, § 134.

186. AIPA sec. 4604, § 315(c) (codified as amended at 35 U.S.C. § 315(c) (2002)).

187. H.R. REP. NO. 106-287, pt. 1, at 56 (1999) ("To prevent harassment, third-party requesters who participate in a reexamination proceeding are estopped from raising in a subsequent court action or reexamination any issue of patent validity that they raised or could have raised during reexamination.").

time, in any civil action, any fact determined during the process of such reexamination . . . .”<sup>188</sup>

### B. 2000–2010: *Between the AIPA and the AIA*

Despite high hopes for the *inter partes* reexamination procedures established by the AIPA, litigants did not often use the process in its early years.<sup>189</sup> Commentary collected by the Patent Office reflected the largest hurdle to adoption: Potential challengers were unsure of estoppel’s reach under the AIPA, and they were unwilling to risk potentially broad estoppel given the limited procedural scope of the review, especially where petitioners lacked the ability to engage in discovery and otherwise fully litigate the dispute.<sup>190</sup> In the early 2000s, the Patent Office began lobbying for an expanded post-grant review proceeding that would provide “a genuinely contested case presided over by panels of USPTO administrative patent judges.”<sup>191</sup>

In 2003, the House Committee on the Judiciary considered a draft bill to remove “or could have raised” estoppel from *inter partes* reexamination provisions,<sup>192</sup> but it did not come to fruition. At the hearing, some stakeholders argued for retention of “or could have raised” estoppel on the grounds that a petitioner should not be permitted to harass a patentee with serial challenges based on information it could have included in prior reexamination requests.<sup>193</sup> Around this time, key patent

188. AIPA sec. 4607 (uncodified).

189. U.S. PATENT & TRADEMARK OFFICE, REPORT TO CONGRESS ON INTER PARTES REEXAMINATION 5 (2004) (“Over the past five years, the USPTO has received over 1,600,000 patent applications and issued almost 900,000 patents. Yet in the nearly five years that the procedure has been available, only 53 *inter partes* reexamination requests were filed.”).

190. *Id.* at 4, 6 (discussing comments received from stakeholders that the scope of the estoppel provision was unclear and “is the most frequently identified inequity that deters third parties from filing requests for *inter partes* reexamination of patents” and further noting that “the lack of such procedural mechanisms as discovery and cross-examination that would be available in litigation has apparently resulted in challengers being unwilling to invoke *inter partes* reexamination and risk its estoppel effect”).

191. *Id.* at 8–9; accord U.S. PATENT & TRADEMARK OFFICE, 21ST CENTURY STRATEGIC PLAN (submitted to Congress in Feb. 2002); *Patent Quality Improvement: Post-Grant Opposition: Hearing Before the Subcomm. on Courts, the Internet & Intellectual Prop. of the H. Comm. on the Judiciary*, 108th Cong. 5 (2004) [hereinafter 2004 House Hearing] (statement of James A. Toupin, General Counsel, USPTO).

192. *Patent Quality Improvement: Hearing Before the Subcomm. on Courts, the Internet & Intellectual Prop. of the H. Comm. on the Judiciary*, 108th Cong. 7, 9 (2003) [hereinafter 2003 House Hearing].

193. *Id.* at 9 (statement of AIPLA) (“We see no justification for a third party, who is aware of information, or who reasonably could have become aware of such information, not to base a reexamination request on all such information. This balance was struck to ensure that patentees of limited means would not be subject to harassment from serial challenges of a third party

stakeholders raised increasing alarm over what they perceived as a rise in the USPTO issuing patents that it should not have issued, and suggested more exhaustive adversarial post-grant proceedings as an efficient means to challenge these patents after issuance.<sup>194</sup> In 2004, the House Committee on the Judiciary held a hearing to consider creation of more complete post-grant proceedings.<sup>195</sup> At this hearing, stakeholders presented a variety of views on the appropriate scope of estoppel; some stakeholders argued that estoppel should apply to grounds raised during the proceeding and some argued for no statutory estoppel at all.<sup>196</sup>

Over the course of the next six years, new patent reform bills that would have created new, more complete post-grant proceedings were presented almost every year.<sup>197</sup> The estoppel provisions in those bills included language limiting estoppel to “any issue of fact or law actually decided by the panel and necessary to the determination of that issue”<sup>198</sup> or to grounds “raised” during the review.<sup>199</sup> At hearings on the bills, many stakeholders, especially practicing entities, testified in favor of a narrow scope of estoppel.<sup>200</sup> Several others, however, such as the USPTO and

requestor based on information that the requestor could have submitted initially, and we believe it is a correct balance.”).

194. A PATENT SYSTEM FOR THE 21ST CENTURY 3 (Stephen A. Merrill et al. eds., 2004), <https://www.nap.edu/catalog/10976/a-patent-system-for-the-21st-century> [<https://perma.cc/S2YW-LJDC>] (“There are . . . several reasons to suspect that more issued patents are substandard, particularly in technologies newly subject to patenting.”); FED. TRADE COMM’N, TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY 5 (2003), <https://www.ftc.gov/sites/default/files/documents/reports/promote-innovation-proper-balance-competition-and-patent-law-and-policy/innovationrpt.pdf> (discussing stakeholder concerns that numerous patents that are likely invalid as obvious block commercialization of new innovations in certain technology areas such as software and biotech).

195. 2004 House Hearing, *supra* note 191, at 2.

196. *E.g., id.* at 14 (statement of Jeffrey Kushan on behalf of Genentech, Inc.) (“[W]e believe Congress should not attempt to create any special statutory estoppel provisions in any new system.”); *id.* at 38 (statement of Karl Sun, Head of Patents, Google, Inc.) (“[E]stoppel arising from patent opposition should be limited to the grounds that are raised and addressed in the opposition.”).

197. *E.g.*, H.R. 1260, 111th Cong. (2009); S. 515, 111th Cong. (2009); S. 3600, 110th Cong. (2008); S. 1145, 110th Cong. § 338(a) (2d Sess. 2008) (reported Jan. 24, 2008); H.R. 1908, 110th Cong. (2d Sess. 2007) (introduced Apr. 18, 2007); H.R. 2795, 109th Cong. § 1 (2005).

198. H.R. 2795 § 1.

199. H.R. 1260 §§ 334–335; S. 515; S. 1145 § 338(a); S. 3600, 110th Cong. § 322(d) (2008); H.R. 1908 § 334(a).

200. *Perspectives on Patents: Post-Grant Review Procedures and other Litigation Reforms: Hearing Before the Subcomm. on Intellectual Prop. of the S. Comm. on the Judiciary*, 109th Cong. 5 (2006) (statement of Mark Chandler, Senior Vice President and General Counsel, Cisco Systems, Inc.); *id.* at 6 (statement of Phillip S. Johnson, Chief Patent Counsel, Johnson & Johnson); *id.* at 21 (statement of John R. Thomas, Professor of Law, Georgetown University Law Center) (“I think the issue before you is whether we ought to encourage prompt patent challenges through the Draconian sanction of disallowing individuals from bringing them at all.”).

universities, testified in favor of a broader scope of estoppel that would enable these proceedings to function as “a complete alternative to litigation.”<sup>201</sup>

### C. *The AIA’s Estoppel Provisions*

Committee reports on what became the AIA reflect a desire to transform the prior *inter partes* reexamination “from an examinational to an adjudicative proceeding” through the creation of IPR.<sup>202</sup> In the course of adapting the statutory text for *inter partes* reexamination, Congress carried over much of the language of the estoppel provision applicable to *inter partes* reexamination to the estoppel provision applicable to IPR proceedings.<sup>203</sup> Specifically, the petitioner in an IPR of a patent claim addressed in a final written decision would be barred from later raising any ground for invalidity “that the petitioner raised or”—with the new addition of the word “reasonably”—“reasonably could have raised during that inter partes review.”<sup>204</sup> Legislators found that they could not carry over the estoppel provision from *inter partes* reexamination to *inter partes* review without keeping the phrase “could have raised,” given the objection of some patent owners to removing the now-entrenched language.<sup>205</sup>

201. *Patent Reform: The Future of American Innovation: Hearing Before the S. Comm. on the Judiciary*, 110th Cong. 13 (2007) [hereinafter 2007 Senate Hearing] (statement of Jon Dudas, Director, USPTO) (“[T]he estoppel needs to be quite strong that says on the second window any issue that you raised or could have raised . . . you can bring up no place else. That second window, from the administration’s position, is intended to allow nothing—a complete alternative to litigation.”); *accord id.* (statement of William T. Tucker, Executive Director, Research and Administration and Technology Transfer, University of California-Oakland).

202. H.R. REP. NO. 112-98, pt. 1, at 46 (2011).

203. *Compare* American Inventors Protection Act of 1990 (AIPA), Pub. L. No. 106-113, sec. 4604, § 315(c), 113 Stat. 1501A-552, 1501A-569 with 35 U.S.C. § 315(e) (2012).

204. *See* 35 U.S.C. § 315(e); AIPA sec. 4604, § 315(c). What meaning should courts derive from the addition of the word “reasonably” in the phrase “raised or reasonably could have raised”? Despite the principle against use of legislative history to derive meaning, courts often consider statutory history, finding that if the legislature amends a statute, a significant change in language when compared to the prior version of the statute can indicate a change in meaning. SCALIA & GARNER, *supra* note 45, at 256–60. Yet courts must determine whether the different words used truly have a different meaning and if that different meaning is relevant to the ambiguity being resolved. Here, though there is a difference between “reasonably could have raised” and “could have raised,” any difference has no impact on whether estoppel should arise from events occurring prior to institution because both phrases are modified by “during that . . . review.” *Id.*

205. *See* Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 FED. CIR. B.J. 539, 616 (2011) (citing 2007 Senate Hearing, *supra* note 201, at 210 (statement of Bruce Bernstein, Chief Intellectual Property and Licensing Officer, InterDigital Communications Corp.); *see also* *Patent Act of 2005: Hearing Before the Subcomm. on Courts, the Internet & Intellectual Prop. of the H. Comm. on the Judiciary*, 109th Cong. 26 (2005) (statement of Carl Gulbrandsen, Managing Director, Wisconsin Alumni Research Found.); 2003

In debates, some legislators argued that the scope of estoppel following IPRs should apply broadly. Senator Kyl stated that an IPR “will completely substitute for at least the patents-and-printed-publications portion of the civil litigation.”<sup>206</sup> Senator Kyl also proposed that the phrase “reasonably could have raised” means that estoppel extends to “prior art which a skilled researcher conducting a diligent search reasonably could have been expected to discover” in time to include in the petition for review.<sup>207</sup> However, the committee report’s description of the estoppel provision essentially parroted the statutory text, providing no further guidance as to Congress’s intended meaning.<sup>208</sup>

In contrast, the legislative history with respect to the PGR provisions makes clear that Congress intended estoppel following PGR to apply narrowly, only to grounds that were “actually raised,” as the final committee report repeatedly states.<sup>209</sup> Stakeholders viewed PGR, with its short nine-month window for filing a petition, as a more limited proceeding that should have a more narrow estoppel than IPRs.<sup>210</sup> But if

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House Hearing, *supra* note 192, at 9 (statement of Charles Van Horn, Partner, Finnegan, Henderson, Farabow, Garret & Dunner, on behalf of AIPLA); 157 CONG. REC. S1326 (daily ed. Mar. 7, 2011) (statement of Sen. Sessions) (“The bill also includes many protections that were long sought by inventors and patent owners. It preserves estoppel against relitigating in court those issues that an inter partes challenger reasonably could have raised in his administrative challenge.”); 157 CONG. REC. S1367 (daily ed. Mar. 8, 2011) (statement of Sen. Kohl) (“Patent protection will be stronger with the inclusion of ‘could have raised’ estoppel [and] strong administrative estoppel[.]”).

206. 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

207. *Id.* at S1375.

208. H.R. REP. NO. 112-98, pt. 1, at 47 (2011).

209. *Id.* at 76 (“Post-grant petitioners are only estopped from raising in civil litigation or ITC proceedings those issues that they actually raised in the post-grant review.”); *accord id.* at 48 (“Further, a final decision in a post-grant review process will prevent the petitioner, a real party in interest, or its privy from challenging any patent claim on a ground that was raised in the post-grant review process.”); *see also id.* at 46, 48 (citing U.S. PATENT & TRADEMARK OFFICE, *supra* note 191 (explaining that the primary reason why stakeholders declined to use the reexamination proceedings is that the risk of expansive estoppel was too great in light of the limited nature of the proceedings)) (acknowledging the USPTO’s concerns raised in its 2004 report that *inter partes* reexamination went largely unused and then expressing that the approach for PGR was “intended to remove current disincentives to current administrative processes”).

210. Matal, *supra* note 205, at 617; *see also Patent Reform Act of 2007: Hearing Before the Subcomm. on Courts, the Internet & Intellectual Prop. of the H. Comm. on the Judiciary*, 110th Cong. 98 (2007) [hereinafter 2007 House Hearing] (statement of Anthony Peterman, Director, Patent Counsel, Dell Inc.) (“We believe that parties should be precluded from [raising] in subsequent proceedings **only** . . . those issues that were addressed and considered in the post grant process.”); 2004 House Hearing, *supra* note 191, at 32 (statement of Michael Kirk, Executive Director, AIPLA) (testifying with regard to PGRs) (“If the estoppel provision is too harsh, no one will use the procedure . . . . Given the relatively short, nine-month period for initiating an opposition and the limited discovery available to the parties, we believe this would strike the right balance.”); 2004 House Hearing, *supra* note 191, at 17 (statement of Jeffrey Kushan, Sidley

Congress intended the estoppel arising from PGRs to be so different from that following IPRs, why does the PGR statutory estoppel provision use nearly identical language to that of IPRs, referring to grounds the petitioner “raised or reasonably could have raised”?

Both the bill passed by the Senate and the bill first introduced in the House did not contain the phrase “or reasonably could have raised” in the estoppel provision applicable to federal court or ITC proceedings following PGR.<sup>211</sup> Yet the bill as reported by the House Judiciary Committee used the phrase “or reasonably could have raised” in all of the estoppel provisions applicable to both IPR and PGR.<sup>212</sup> Joe Matal, a senior staffer involved in drafting the provisions, explained, “the change appears to have been made in error by staff charged with making technical corrections to the bill when it was reported by the House Judiciary Committee.”<sup>213</sup> Statements made by both legislators and stakeholders during later proposed technical amendments likewise acknowledge this change was an erroneous technical correction.<sup>214</sup> Even the AIA’s namesake Senator Leahy stated after enactment that the “could have raised” language in the PGR provision was an “inadvertent scrivener’s error” that “unintentionally creates a higher threshold of estoppel than was [intended by Congress].”<sup>215</sup> The “correction” went

Austin Brown & Wood, on behalf of Genentech, Inc.) (“Congress should avoid including estoppel provisions in any post grant review legislation, and should specifically avoid including provisions that are comparable to the codified and uncoded estoppel provisions applicable to *inter partes* reexamination proceedings.”); *Perspectives of Patents: Post-Grant Review Procedures and Other Litigation Reforms: Hearing Before the Subcomm. on Intellectual Prop. of the S. Comm. on the Judiciary*, 109th Cong. 45–46 (2003) (statement of Mark Chandler, Senior Vice President and General Counsel, Cisco Systems) (recommending “a second window” for post-grant review in which the defendant “will be estopped from re-litigating in the court action any issues **actually** raised and decided in the administrative proceeding and subsequent action for judicial review”). *But see* 2007 House Hearing, *supra*, at 40 (2007) (statement of Kevin Sharer, CEO and Chairman of the Board, Amgen, Inc.) (“[C]hallengers who pursue [a postgrant] opposition should be prohibited from later disputing the patent’s validity in court.”).

211. S. 23, 112th Cong. sec. 5(d), § 325(e)(2) (2011); H.R. 1249, 112th Cong. sec. 5(d), § 325(e)(2) (2011) (as introduced).

212. H.R. 1249, sec. 6(d), § 325(e)(2).

213. Matal, *supra* note 205, at 618.

214. *Implementation of the Leahy-Smith America Invents Act, Hearing Before the H. Comm. on the Judiciary*, 112th Cong. 24 (2012) (testimony of Robert A. Armitage, Senior Vice President and General Counsel of Eli Lilly and Company), <http://judiciary.house.gov/hearings/Hearings%202012/Armitage%2005162012.pdf> (stating “a technical error during the legislative process . . . inadvertently raised the estoppel” and that the narrower estoppel was “specifically supported . . . by the major proponents of comprehensive patent reform.”); 158 CONG. REC. E2017 (daily ed. Dec. 31, 2012) (statement of Rep. Smith) (“The change appears to have been made by staff charged with making technical corrections to the bill, who apparently assumed that the omission of could-have-raised estoppel in § 325(e)(2) was an oversight.”).

215. 158 CONG. REC. S8517 (daily ed. Dec. 28, 2012) (statement of Sen. Leahy).

unnoticed through enactment, with the 2011 Committee Report accompanying the reported bill continuing to discuss the bill as though the estoppel that applied in federal courts and the ITC following PGR only applied narrowly to issues actually raised: “Post-grant petitioners are only estopped from raising in civil litigation or ITC proceedings those issues that they actually raised in the post-grant review.”<sup>216</sup> Technical amendments later proposed to correct this error were rejected as procedurally improper substantive changes,<sup>217</sup> and there was little political will at the time to call for substantive changes to the AIA so soon after passage.<sup>218</sup> Therefore, although some might argue based on the legislative history that a broader scope of estoppel should apply with respect to IPRs, the legislative history of PGRs indicates that Congress intended estoppel to apply only narrowly.

## V. POLICY ANALYSIS

Policy justifications, like legislative history, should not affect an analysis of the scope of the AIA’s estoppel provisions given the unambiguous language of the text.<sup>219</sup> Nonetheless, policy justifications would support a narrow reading of the AIA’s estoppel provisions.

### A. *Addressing the Patent Quality Problem Requires Narrow Estoppel*

A narrow estoppel that does not extend to issues that were never litigated plays a key role in supporting the AIA’s patent quality goals. Among the AIA’s goals were “improving patent quality,” “providing a more efficient system for challenging patents that should not have issued,” and “reducing unwarranted litigation costs and inconsistent damage awards.”<sup>220</sup> In particular, a key ambition of the new post-grant proceedings was to reduce the threat of what legislators considered to be

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216. H.R. REP. NO. 112-98, pt. 1, at 76 (2011); Matal, *supra* note 205, at 618 (“Unfortunately, no one caught the error during the three and a half months between the time when the bill was reported by the committee and when it was signed by the President.”).

217. *Oversight of the U.S. Patent and Trademark Office: Implementation of the Leahy-Smith America Invents Act and International Harmonization Efforts Before the S. Comm. on the Judiciary*, 112th Cong. 17 (2012) (statement of Sen. Coburn) (“[T]hings greater than technical corrections deserve a full and comprehensive hearing where all stakeholders have an opportunity to have input. . . . [A]nything that significantly changes the estoppel provisions in the bill we passed needs to have the full consideration of all the stakeholders and all the members of this Committee. . . .”).

218. See *Abusive Patent Litigation: The Impact on American Innovation and Jobs, and Potential Solutions, Before the Subcomm. on Courts, Intellectual Prop. & the Internet, H. Comm. on the Judiciary*, 113th Cong. 15 (statement of Phillip S. Johnson, Chief Intellectual Property Counsel, Johnson & Johnson).

219. *Supra* Part II.A.

220. H.R. REP. NO. 112-98, pt. 1 at 39–40.



poor quality<sup>221</sup> patents by making it easier to invalidate such patents after issuance.<sup>222</sup> For years leading up to passage of the AIA in 2011, patent stakeholders and scholars had raised increasing alarm over what they perceived as an overgrowth of poor quality patents.<sup>223</sup> According to these calls, a thicket of cumulative patents that did not appear to meet the conditions for patent eligibility emerged in many technology areas, dramatically increasing the cost of doing business or blocking commercialization of products developed as those patents spent years or decades working their way to the front of the USPTO's lengthy patent backlog.<sup>224</sup> In the area of software patents, for example, many argued that the USPTO failed for over a decade to hire examiners skilled in this technology area and failed to properly classify software art for searching, resulting in incomplete examination of such patents.<sup>225</sup>

Additionally, by the time the AIA was passed in 2011, the Patent Office was facing a budget crisis; Congress had diverted nearly a billion dollars of user fees from the Patent Office to non-patent programs,

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221. The term "poor quality" in this Article refers to patents that, on a closer examination, would not be found to meet the standards of patent eligibility set out in the Patent Act, such as if they are obvious, not novel, or indefinite.

222. 157 CONG. REC. 9778 (2011) (statement of Rep. Goodlatte) ("[A]fter the PTO issues a patent, this legislation creates a new post-grant opposition system in which third parties can raise objections to a patent immediately after its issuance, which will both help screen out bad patents while bolstering valid ones."); H.R. REP. NO. 112-98 pt. 1, 39-40 (noting that post-grant proceedings will provide an "efficient system for challenging patents that should not have issued").

223. See, e.g., 157 CONG. REC. 9784 (letter of National Association of Realtors) ("Modernization is critically needed to improve the quality of issued patents . . ."); A PATENT SYSTEM FOR THE 21ST CENTURY, *supra* note 194; FED. TRADE COMM'N, *supra* note 194 (discussing stakeholder concerns that numerous patents that are likely invalid as obvious block commercialization of new innovations in certain technology areas such as software and biotech). See generally Robert P. Merges, *As Many as Six Impossible Patents Before Breakfast: Property Rights for Business Concepts and Patent System Reform*, 14 BERKELEY TECH. L.J. 577 (1999) (discussing business method patents).

224. 157 CONG. REC. 9784 (statement of Rep. Lofgren) ("The Patent Office has a tremendous backlog, and that is a serious concern for inventors and really for the country. The examiners have such an enormous backlog, they can't spend sufficient time reviewing the applicants. This has led to a flood of poor-quality patents that were issued over the last decade and a half that I think—and most believe—should have been denied by the office. These dubious patents do significant damage to particular industries, like the information technology industry, as they can be used by nonpracticing entities to demand rents from legitimate businesses and to interfere with the development of legitimate products."); Carl Shapiro, *Navigating the Patent Thicket: Cross Licenses, Patent Pools, and Standard Setting*, 1 INNOVATION POL'Y & ECON. 119, 120-21 (2000).

225. Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 NW. U. L. REV. 1495, 1495 n.2 (2001). Lemley argued that the Patent Office's incomplete examination of patents is generally rational but noted, "[T]he PTO clearly missed the ball for over a decade [with regard to software patents], failing to hire examiners skilled in the software arts or to allow software engineers to practice before it, and failing to classify software prior art well." *Id.*

robbing the Patent Office of funding that might otherwise have been used to hire and train examiners.<sup>226</sup> USPTO examiners spend an average of about nineteen hours total reviewing each patent application (with variation based on the complexity of the technology).<sup>227</sup> A 2010 report commissioned by the Patent Office noted that examiners frequently expressed that the amount of time available for them to review each patent was “not enough time to do a proper job.”<sup>228</sup> Recent research has demonstrated that such time constraints bias the Patent Office’s granting practices, increasing the likelihood that it will issue any given patent application.<sup>229</sup>

The AIA also sought to address the problem of patents issued under standards for validity that no longer applied.<sup>230</sup> In the decade leading up to passage of the AIA, several key Supreme Court patent cases changed what patent stakeholders and examiners believed to be the law.<sup>231</sup> These changes placed the validity of many previously-issued patents into question.<sup>232</sup> Legislators hoped that the AIA’s new post-grant proceedings, especially the transitional CBMR proceedings, would provide a less expensive means of challenging patents that were likely invalid after recent Supreme Court cases such as *Bilski v. Kappos*.<sup>233</sup>

226. 157 CONG. REC. 9783–84 (statement of Rep. Goodlatte) (“We also need to pass this legislation to make sure that the fee diversion, that, as has been noted, has kept nearly \$1 billion from going to the operation of the Patent Office to work down the 3-year 1 million patent backlog, also can be addressed.”).

227. Lemley, *supra* note 225, at 1500 n.19 (citing Interview with Q. Todd Dickinson, Director, USPTO, in Berkeley, Cal. (Apr. 2000)) (noting that examiners spent an average of eighteen hours reviewing each patent, ranging from eight hours to thirty-two hours depending on technological complexity); *see also* U.S. PATENT & TRADEMARK OFFICE, EXAMINATION TIME AND THE PRODUCTION SYSTEM 16 (2016), <https://www.uspto.gov/sites/default/files/Examination%20Time%20and%20the%20Production%20System.pdf> (noting goals of 16.6 hours per application on basic technologies and 27.7 hours on certain advanced technologies); Michael D. Frakes & Melissa F. Wasserman, *The Failed Promise of User Fees: Empirical Evidence from the United States Patent and Trademark Office*, 11 J. EMPIRICAL LEGAL STUD. 602, 602–36 (2014) (calculating average of 19 hours).

228. Michael D. Frakes & Melissa F. Wasserman, *Is the Time Allocated to Review Patent Applications Inducing Examiners to Grant Invalid Patents?: Evidence from Micro-Level Application Data*, 99(3) REV. ECON. & STATS. 550, 550 n.2 (2017) (quoting internal report on file with authors, obtained pursuant to a Freedom of Information Act request).

229. *Id.* at 561.

230. *See* 157 CONG. REC. 9791 (statement of Rep. Smith) (“It is likely that most if not all the business method patents that were issued after State Street are now invalid under *Bilski*. There is no sense in allowing expensive litigation over patents that are no longer valid.”).

231. *Id.*; *e.g.*, *Bilski v. Kappos*, 561 U.S. 593, 612–13 (2010); *KSR Int’l Co. v. Teleflex, Inc.*, 550 U.S. 398, 427–28 (2007).

232. *See* 157 CONG. REC. 9791.

233. 561 U.S. 593 (2011); 157 CONG. REC. 9791.

Of course, reasonably complete and prompt initial examination has an important role to play in a functioning patent ecosystem.<sup>234</sup> If the Patent Office were to continuously issue patents that would have been found invalid if examiners were more knowledgeable about the technology at issue or spent only slightly more time spent on review, businesses would begin to doubt that issued patents are likely to be upheld when tested. In fields where businesses lose trust in the validity of issued patents, they may choose to operate in ignorance of them, finding that designing their products around sometimes thousands of patents is not justified when the PTAB or courts will likely find them invalid upon closer review. The speed of initial examination is even more important. When patents spend years working their way through the Patent Office, only to emerge after competitors spent millions on manufacturing and branding, the patent holder can extract significantly more value from licensing than may have been possible before the competitor invested as much into the product.<sup>235</sup>

Yet patent quality is not a problem that can be efficiently solved merely by improving initial examination.<sup>236</sup> Post-grant challenges to issued patents are a critical second half.<sup>237</sup> Low-cost, yet thorough adversarial post-grant proceedings that occur shortly after issuance are a relatively efficient means of ensuring that the issued patents that are most likely to be asserted are valid—these proceedings only result in the expense of testing those patents where the scope and validity are valuable to patentees and competitors to determine.<sup>238</sup> Moreover, unlike the Patent Office, an adversarial party often has an incentive to invest the resources necessary to locate prior art or otherwise fully litigate the challenge to the patent, as well as incentive to not expend more resources than are justified given the value of that patent or the value of clearing that portion of a patent thicket.<sup>239</sup> A key goal of the AIA's new post-grant review processes was to take advantage of the adversarial process to provide patents the more thorough review they might not have received during

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234. Polk Wagner, *Understanding Patent-Quality Mechanisms*, 157 U. PA. L. REV. 2135, 2139–40 (2009) (“[T]he case for better patent quality still carries the day . . . [A] patent system characterized by low patent quality sows substantial uncertainty at all levels of the patent system . . . Uncertainty obviously makes business decisions based on patents (whether by patentees, prospective licensees, investors, etc.) much more difficult and costly.”).

235. Shapiro, *supra* note 224, at 120–21.

236. See generally F. Scott Kieff, *The Case for Registering Patents and the Law and Economics of Present Patent-Obtaining Rules*, 45 B.C. L. REV. 55 (2003) (advocating for a registration-only or “soft-look” initial patent examination); Lemley, *supra* note 225, at 1496 (arguing that increasing funds for initial examination might not be the best use of resources, when only a limited number of patents ultimately have value to patentees and competitors).

237. See Lemley, *supra* note 225, at 1520.

238. See *id.* at 1509–11.

239. See *id.*

original examination, thereby invalidating those patents “that should not have issued,” at a faster speed and lower cost than that typically seen in litigation.<sup>240</sup> Some have raised concern since passage of the AIA that the PTAB became a patent “death squad,” as it has invalidated at least some patent claims in more than 80% of IPRs that resulted in a final written decision.<sup>241</sup> However, this figure is potentially misleading<sup>242</sup> and invalidation of patents that were issued in the decades leading up to the passage of the AIA but do not meet current standards of patentability was a founding principle of the AIA. All patent stakeholders should recognize post-grant proceedings as the necessary second half of an efficient system of screening patentability, rather than vilifying these proceedings as a killer of valid rights.

Of course, relying only on adversarial proceedings to police patent validity after issuance places much of the cost of testing validity on the challenger while providing positive externalities to other competitors and the public. Consequently, in some circumstances, the challenger will not have adequate incentive to challenge a patent that would otherwise be found invalid. As noted, there is value to the marketplace of having enough certainty in the validity of patents at the time of issuance that it will be rational for businesses to continue to consider new patents as they design and invest in innovations. Therefore, a balanced approach that relies on both a quality initial examination and an efficient and thorough post-grant review process is critical to ensuring that the patents in force are valid, high-quality patents.

In particular, PGR, which takes place immediately after patent issuance, stands to provide the greatest market benefit as an adversarial proceeding capable of resolving patentees’ or competitors’ questions of patent validity early in a patent’s term. The earlier in a patent’s term that validity issues can be resolved, the less waste that will result in the marketplace. First, it reduces the frequency of market participants incurring unnecessary licensing fees and decreases competitors’ costs to design around or even abandon potentially infringing products.

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240. H.R. REP. NO. 112-98, pt. 1, at 39–40 (2011) (noting one goal of the AIA was “providing a more efficient system for challenging patents that should not have issued”); 157 CONG. REC. 9773 (2011) (statement of Rep. Smith) (“The America Invents Act reduces frivolous litigation over weak or overbroad patents by establishing a pilot program to review a limited group of business method patents that never should have been awarded in the first place.”); 157 CONG. REC. 9784 (statement of Rep. Lofgren) (“This has led to a flood of poor-quality patents that were issued over the last decade and a half that I think—and most believe—should have been denied by the office.”).

241. U.S. PATENT & TRADEMARK OFFICE, *supra* note 7, at 10.

242. BRIAN C. HOWARD, LEX MACHINA: PATENT TRIAL AND APPEAL BOARD (PTAB) 2017 REPORT 1 (2017), [http://pages.lexmachina.com/Email\\_PTABReport2017\\_LPRequests.html](http://pages.lexmachina.com/Email_PTABReport2017_LPRequests.html) (stating that the “death squad” label is undeserved and finding that looking at instituted petitions, rather than just those resulting in a final decision, all claims were invalidated 38% of the time).

Additionally, earlier clarification of patentability reduces the patentee's risks in bringing a new product to market, the costs of which the patentee might not recoup if the patent is invalidated and it loses its exclusive rights.

Nonetheless, under these same principles, where issues of patent validity are not addressed in a post-grant proceeding, either because the PTAB denies institution or because the petitioner could not include legitimate grounds for invalidity within the word limits of the petition or did not locate the art in time, the patent quality goals of the AIA are served by leaving open the possibility of litigation or other adversarial proceedings as a means of resolving the remaining questions of patent validity. We can only assure that the patents affecting competition and investment in the U.S. are valid if every legitimate ground for patent invalidity may be resolved in at least one tribunal after issuance.

#### B. *Broad Estoppel is Incompatible with the PTAB's Incomplete Review*

PTAB proceedings are not currently an equivalent alternative to litigation. Estoppel should not apply as though they are. As noted, after passage of the AIA, the PTAB adopted strict procedural limitations on PTAB petitions.<sup>243</sup> The word count requirement, which applies inclusive of claim charts, does not provide enough space for a petitioner in a complex technology area to raise all, or even most, legitimate grounds for patent invalidity it may have.<sup>244</sup> Congress likely did not anticipate that the PTAB's implementing procedures would so severely limit the number of grounds for invalidity that a petitioner could include in the petition for review. To the contrary, the legislative history of the AIA indicates that Congress envisioned broad post-grant proceedings that would provide meaningful, thorough adjudication of grounds for invalidity—a true “alternative to litigation.”<sup>245</sup>

If estoppel following post-grant proceedings were broad enough to preclude grounds that were not litigated in the PTAB proceeding, it would function more like the common law merger doctrine of claim preclusion than the doctrine of estoppel that is its namesake.<sup>246</sup> However, the fairness

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243. See generally 37 C.F.R. § 42.24 (2017) (listing procedural requirements).

244. See *id.*; *Kremer v. Chem. Constr. Corp.*, 456 U.S. 461, 481 n.22 (1982) (“While our previous expressions of the requirement of a full and fair opportunity to litigate have been in the context of collateral estoppel or issue preclusion, it is clear from what follows that invocation of *res judicata* or claim preclusion is subject to the same limitation.”).

245. See, e.g., 157 CONG. REC. S5429 (daily ed. Sept. 8, 2011) (statement of Senator Kyl) (“[I]n light of the present bill's enhanced estoppels, it is important that the section 315(b) deadline afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation.”).

246. See *supra* Part II.F.

of the merger doctrine relies upon a key element not applicable in current PTAB practice: that the plaintiff has the full opportunity to raise all the grounds that will be considered merged into a judgment.<sup>247</sup> Instead, in post-grant proceedings before the PTAB, the PTAB's procedural limits on petitions effectively limit the grounds for invalidity that a petitioner can include in its petition.<sup>248</sup> Because these practices render post-grant proceedings an incomplete review, it would be neither fair to the petitioner nor consistent with historical practices in the common law to apply a broad estoppel that precludes all grounds for invalidity that could have been raised in the petition for review. Future amendments to PTAB procedures, such as expanding or eliminating the word or page limits for IPRs, could bring IPRs closer to being the "alternative to litigation" of the patents and printed publications portion of validity that Congress intended. Although the Supreme Court's current, textualist analysis would not support broad estoppel even with such amendments, a modification of IPR procedures that provides petitioners a full and fair opportunity to raise all grounds for invalidity based on patents and printed publications would limit the policy-based justifications for narrow estoppel.

### C. *Narrow Estoppel Will Increase Use of PGR, as Congress Intended*

A narrower reading of PGR estoppel provisions will increase the use of PGR proceedings. Currently, with only 51 petitions having been filed between 2012–2017 (just 1% of all AIA petitions to date<sup>249</sup>), PGR is the least used of the AIA's new post-grant proceedings. Because of the broad scope of grounds for invalidity that may be raised in a PGR, litigants may be concerned that if they choose to bring a PGR, a broad reading of the AIA's estoppel provisions might bar them from raising essentially any invalidity defense in future litigation.<sup>250</sup> This risk could prompt—and, based on the low usage of PGR, appears to be prompting—many litigants to either not file a petition for post-grant proceedings at all (instead raising the defense only in litigation) or to wait to file a petition for post-grant proceedings for nine months after issuance, when IPR becomes

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247. See *supra* Part II.F.

248. See *supra* Part II.F. Additionally, prior to the Supreme Court's recent decision in *SAS Institute* that prohibited "partial institution," PTAB decisions were also an incomplete review in the sense that they failed to resolve all the claims raised in the petition, unlike adjudication in court that resolves all the claims raised in the complaint (and not settled or dismissed).

249. U.S. PATENT & TRADEMARK OFFICE, *supra* note 7 (noting that IPRs constituted 92% of the 6700 total AIA petitions filed to date, CBMRs constituted 7%, and PGRs constituted 1%).

250. Cf. U.S. PATENT & TRADEMARK OFFICE, *supra* note 191, at 5 (noting the low rate of usage of *inter partes* reexamination was primarily due to concerns over a possible broad scope of estoppel).

available (with its narrower scope and thus narrower potential estoppel under a broad reading of the provisions). PGR was created with an important purpose for controlling patent quality and with the intent that it be used.<sup>251</sup> A broad reading of the PGR estoppel provision frustrates the purpose of these proceedings. Indeed, as discussed in the legislative history section, legislators intended estoppel to apply narrowly following PGRs to only those grounds actually raised and addressed in the review.<sup>252</sup> When courts make clear that these estoppel provisions are to be interpreted narrowly, or if Congress amends the PGR estoppel provision to correct the drafting error that caused the present language, parties will make use of PGR proceedings as intended.

#### D. *Impact on Later Proceedings*

Although a narrow scope of estoppel could result in more litigation on the merits of invalidity than a broad reading, this is a necessary cost to assure estoppel is applied according to the terms of the statute or—under a policy approach—in a way that comports with due process and supports the AIA’s competing patent quality goals, as discussed above. Ultimately, the question of the appropriate scope of estoppel from a policy perspective will, in many cases, come to a choice between efficiency and completeness. Because a proliferation of issued patents that do not meet the conditions of patentability have the potential to cause public harm, the ability to raise all grounds for invalidity in some forum, rather than foreclosing legitimate grounds for invalidity from consideration entirely, may outweigh the efficiency concerns of litigating unresolved invalidity questions in district courts.

Moreover, a narrow scope of estoppel provides more certainty to parties as to what grounds will be subject to estoppel, which can curb some of the increased litigation expense. Uncertainty as to the scope of a litigation increases its cost without benefit to the court or the parties. A narrow reading of the estoppel provision provides a clear and certain scope to estoppel: Estoppel applies only as to those grounds included in the petition, provided the PTAB grants institution. The scope of this estoppel is especially clear following the Supreme Court’s ruling in *SAS Industries*, which requires the PTAB, if it institutes review, to consider all claims and grounds for invalidity that were included in the petition.<sup>253</sup> In contrast, a broad reading makes the scope of estoppel subject to expensive discovery and motion practice as to what grounds and art the

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251. H.R. REP. NO. 112-98, pt. 1, at 46, 48 (2011) (acknowledging the USPTO’s concerns raised in its 2004 report that *inter partes* reexamination went largely unused and then expressing that the approach for PGR was “intended to remove current disincentives to current administrative processes”).

252. *Supra* Part IV.C.

253. *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1354–60 (2018).

patent owner should have discovered prior to the PTAB proceeding—drastically reducing the cost-saving benefits of avoiding a merits inquiry.

Some might raise the concern that a narrow reading of the estoppel provision would enable the petitioner to strategically file multiple successive *inter partes* review petitions on different art without regard to whether the petitioner reasonably should have included that art or grounds in the original petition. However, estoppel is not the only, or even the primary, mechanism available in the AIA's statutory framework to address successive petitioning. For example, the AIA permits the PTAB to deny a petition if it presents "the same or substantially the same prior art or arguments" as previously before the Office.<sup>254</sup> Moreover, the Supreme Court's decision in *SAS Industries* indicates that the PTAB has broad discretion to deny petitions, perhaps even without this justification.<sup>255</sup> Nonetheless, enabling the petitioner to file multiple petitions if the art and arguments are substantially different in each petition would increase revenue for the Patent Office and ensure each argument has sufficient space to be adequately presented. This could potentially result in a patent facing years of repeated reviews, but only if each of the grounds raised in later petitions has sufficient merit to justify institution and is sufficiently different than prior grounds to not be denied for improper successive petitioning or for another reason under PTAB's discretion. Addressing legitimate grounds for invalidity on the merits in at least one forum after issuance helps to assure that the patents that have the greatest impact on investment and competition meet current standards of patentability.

### CONCLUSION

Applying the Supreme Court's modern, textualist approach to statutory interpretation yields only one appropriate interpretation of the AIA's estoppel provision: "[D]uring that . . . review" refers to the time period after institution of the IPR and before a final decision from the Patent Trial and Appeal Board (PTAB), limiting estoppel only to grounds on which the PTAB institutes review, even if they were not raised in the petition for review. Although the Federal Circuit has generally favored a textualist reading of this statute, it has yet to address how the estoppel standard would apply as to grounds that the petitioner chose not to include

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254. 35 U.S.C. § 325(d) (2012) ("In determining whether to institute or order a proceeding under this chapter [PGR and CBMR], chapter 30 [reexamination], or chapter 31 [IPR], the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office."). This authority is separate from, and in addition to, the estoppel effect of prior decisions. *See id.* §§ 315(e), 325(e).

255. 138 S. Ct. 1348, 1351 (2018) ("§ 314(a) invests the Director with discretion on the question *whether* to institute review . . .") (emphasis in original).



in the petition for IPR. When the Federal Circuit or the Supreme Court next has occasion to consider this issue, applying the sound principles of statutory interpretation explained and analyzed in this Article will yield a narrow estoppel.

Although legislative history indicates that, at least for IPRs, those outspoken members of Congress who addressed this issue intended a broad estoppel that would make PTAB proceedings an alternative to litigation of the patents-and-printed publications portion of invalidity, this legislative history cannot, under the Supreme Court's current approach, usurp the text of the statute. Indeed, the constitutional principles of bicameralism and presentment require Congress to express its intent through the text, not through statements made on the floor of Congress or in committee reports but left out of the text. Therefore, if a broader scope of estoppel is justified by legislative history, policy, or other concerns, it is the duty of Congress to amend its text rather than of the duty of the courts to interpret statutory estoppel more broadly than the text permits.

Here, however, a narrow scope of estoppel comports with the stated policy goals of the AIA. In light of the strict limits on IPR petitions adopted by the PTAB, which Congress did not foresee, and which effectively limit the grounds for invalidity a petitioner may raise during the IPR, IPR currently does not function as a true alternative to litigation. Moreover, broadening estoppel to effectively remove certain patents from thorough judicial review undermines the AIA's goal of reevaluating the most competitively important patents to ensure that they are patentable, particularly after several Supreme Court decisions that changed what many believed to be the law. Initial examination, while critically important to a functioning patent system, cannot efficiently function as the only screen for patentability. If estoppel is applied broadly to grounds for invalidity that were never litigated, some patents will remain in force that do not meet current standards for patentability. Narrow estoppel helps to ensure that the patents in force—those where patentees are collecting licensing fees, and forcing competitors to design around, and winning infringement lawsuits—are valid. Although these policy arguments do not carry weight under the Supreme Court's current approach to statutory interpretation, they should help to ameliorate concerns of the consequences of a narrow statutory interpretation of estoppel.