

Inter Partes Review Invalidity Finding Does Not Collaterally Estoppel Assertion of Unchallenged Claims in Same Patent

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In a February 10, 2025 order, the Federal Circuit Court of Appeals rejected the application of the collateral estoppel doctrine to patent claims asserted in a district court infringement action where other claims in the same patent were found invalid in an inter partes review (IPR) proceeding.

In *Kroy IP Holdings, LLC v. Groupon, Inc.*, Kroy asserted infringement of 13 claims of its 6,061,066 patent against Groupon. The '066 patent includes 115 claims. Groupon filed two IPR petitions challenging 21 claims, and the Patent Trial and Appeal Board (PTAB) found all 21 claims invalid. But after Groupon's deadline to file an IPR passed (one year after the filing of the complaint), Kroy filed an amended complaint adding infringement allegations for other '066 patent claims not addressed in the IPRs.

In response, Groupon moved to dismiss the newly asserted claims arguing that Kroy was collaterally estopped from asserting those claims because they were substantially similar to claims found invalid in the IPR. The Delaware district court agreed and granted Groupon's motion. The district court determined that the invalidity question was already decided in the IPR because the newly asserted claims were immaterially different from those found invalid by the PTAB.

On appeal, the Federal Circuit reversed, finding that collateral estoppel does not apply because the burden of proof in the district court action requires application of a different, and heightened, legal standard. An IPR uses the lesser "preponderance of the evidence" standard in contrast to the district court that requires "clear and convincing" evidence to prove invalidity.

As a result of this decision, a company facing infringement suits and filing petitions for IPR must now adjust its strategy. In practice, where similar claims have already been found invalid, a district court is likely to find the newly asserted claims invalid as well, but it cannot do so through a motion to dismiss relying in collateral estoppel.

In the end, costs may be increased for patent defendants because obtaining an invalidity finding will take longer and may require discovery and a motion for summary judgment. Patentees will certainly

assert unchallenged claims from an IPR in the district court to, at a minimum, seek a settlement where otherwise its claims would be barred. Patent challengers may be required to increase the number of claims challenged in an IPR proceeding, which can be troublesome for patents with dozens of claims, or face a likelihood of further invalidity challenges in the district court. Either way, costs will rise for companies facing infringement allegations.

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